



ALL-PARTY PARLIAMENTARY GROUP FOR
**HOUSING MARKET &
HOUSING DELIVERY**

March 2021

A Report on the Barriers & Bottlenecks to Greater Housing Delivery

The Give My View Digital Stakeholder Consultation



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Glossary of Key Terms

- **GMV:** Give My View
- **The APPG:** The All-Party Parliamentary Group for Housing Market & Housing Delivery
- **MMC:** Modern Methods of Construction
- **SME:** Small - Medium Enterprise
- **BTR:** Build To Rent
- **NIMBY:** Not In My Back Yard
- **LA:** Local Authority
- **HA:** Housing Association

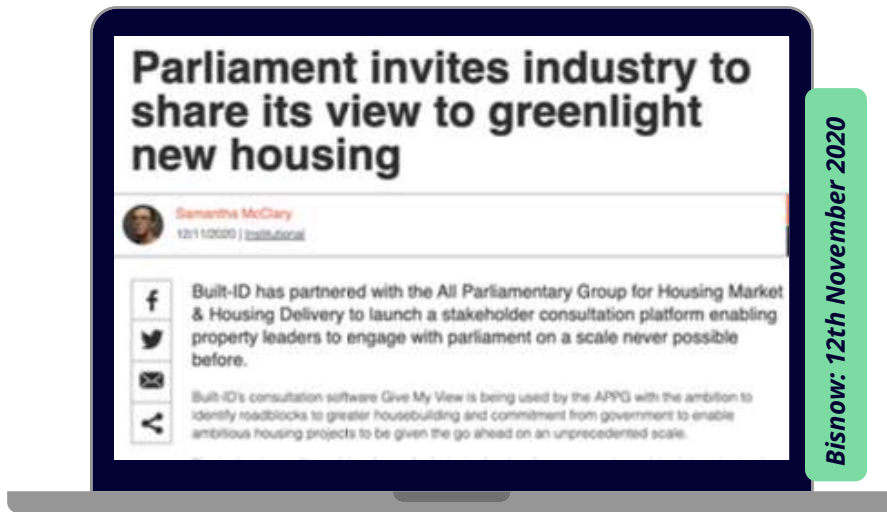
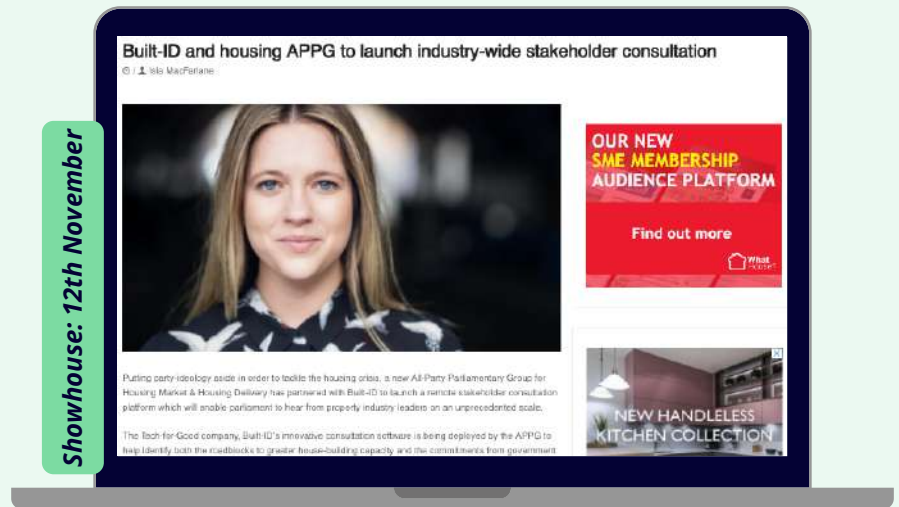
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Stakeholder Awareness Strategy

PROPERTY INDUSTRY MEDIA COVERAGE

- Showhouse Magazine Online Article
- Bisnow Media Newsletter & Online Article
- Estates Gazette (EGi) Print & Online Article
- Built-ID Blog



EMAIL CAMPAIGNS

Emails publicising the GMV Consultation were sent to stakeholders by:

- The APPG for Housing Delivery, Chairman
- MHCLG, Planning Strategist
- Built-ID, Head of Marketing
- Savills, Head of Residential

ONLINE PROMOTION
Paid channels that were used to reach relevant audiences:





Executive Summary



Net Zero is the Way Forward

71% of respondents state that Net Zero requirements help the delivery of high quality homes.

63% of the stakeholders who responded believe that they can adapt to building Net Zero carbon homes within 10 years.



Demand for Planning Reform

Stakeholders suggest that the Government can make sourcing and securing land for new homes easier by streamlining the planning process.

Respondents emphasise the need for a Planning Reform, on various issues such as sustainability measures, quality building standards, and affordable housing.

Planning constraints make securing development sites difficult for 72% & affect progress construction for 75% of respondents.



Concerns Over the Impact of Brexit and COVID-19 on the Industry

82% of respondents advise that the construction industry labour pool has contracted since 2018.

Stakeholders are concerned about the impact of Brexit and COVID-19 on trade and skilled labour.

The majority of Estate Agents respondents cite the political backdrop as a frequent sales obstacle.



Need for More ESG Investment and Funding

Although there is high demand for Environmental Design, stakeholders say it is not financially viable.

Call for Government support for Environmental Design and Net-Zero plans through guidance, legislation and incentivisation.



Engagement Figures

Live from 28th October 2020 - 8th January 2021

RESPONDENT SEGMENTATION

PLANNER/ARCHITECT/ENGINEER	111
HOUSEBUILDER	59
REGENERATION-FOCUSED DEVELOPER	51
HOUSING ASSOCIATION	43
RESIDENTIAL ESTATE AGENCY	43
BTR DEVELOPER/OPERATOR	40
LANDOWNER	38
PUBLIC SECTOR HOUSING ARM	27
CONSTRUCTION COMPANY	17
INSTITUTIONAL INVESTOR	15

Answers to the MP's questions submitted:

2,911

Additional ideas & comments shared:

949

Virtual consultation platform visitors:

1,313

Voter Locations



Ben Everitt, APPG Chair



- ✔ It is no secret that our housing market functions poorly in several respects. Despite decades of discussions and well-intentioned policy interventions, little has been done to deliver new, affordable homes for people across the country. Consistent delay, fuelled by unnecessary bureaucracy, red-tape and outdated planning systems, has prevented local communities from building the houses that they desperately need.

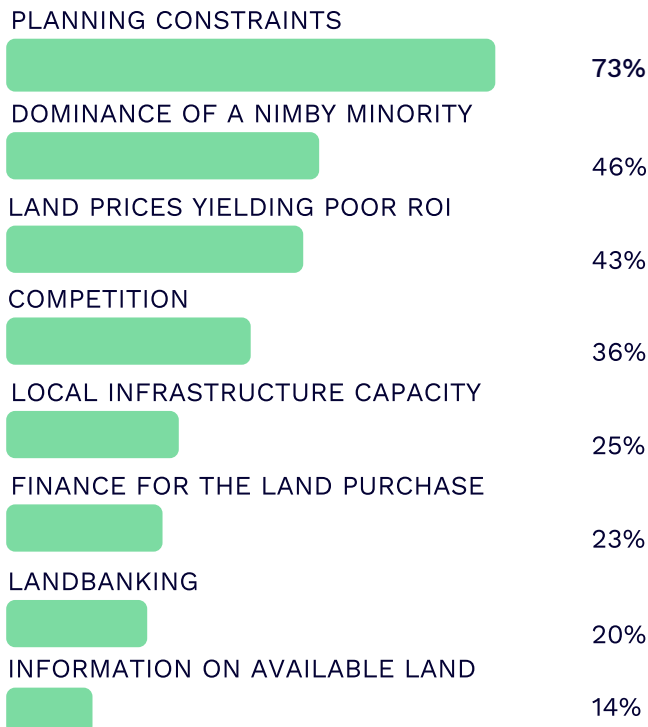
We cannot fix this crisis through a single-track tactic, but need to take a holistic approach that involves various bodies across the sector, from councils, developers, housing associations, politicians from across the Houses and the communities themselves, to ensure that the right solution is found.

The All-Party Parliamentary Group for Housing Market & Housing Delivery is committed to working with Government, industry and local communities in order to identify practical fixes to our housing market that will help communities get the homes they need. We hope that this report plays a useful role in identifying pragmatic solutions to our most pressing challenges.

Ben Everitt MP
secretariat@appghousing.org.uk

Poll: Land Supply

Q. COVID-aside, what makes securing development sites difficult?



Stakeholders asked to identify the 4 options that cause the most difficulty

Q. Please rank your preference with regards to where development should take place

1. Existing town/city centres
2. Existing suburbs
3. New suburbs
4. New towns/villages



Stakeholder Segmentation Insight

The preference for brownfield over greenfield development was revealed to be unanimous amongst all stakeholder groups.

Housebuilders, Regeneration-Focused Developers, BTR Developer/Operators, Housing Associations & Public Sector Developers alike prefer greenfield sites left untouched. Planning constraints were cited as the biggest barrier to achieving greater brownfield site development.

The Simplicities & Complexities of Securing Sites for Development

Stakeholder Verbatims Excerpts

- ✓ *The politics around brownfield development are too acute and force development to out of town greenfield sites, which is highly unsustainable.*
- ✓ *It remains a very high-risk profile. Uncertainty on what could be developed and how long it would take to secure permission for this means land buying is high risk (and often too high risk for funders to support).*
- ✓ *The additional pressures on timings is also a concern. Relying heavily on grant funding from central government, timely completions is also a huge pressure.*
- ✓ *Costs and values determine land availability more than Govt. Govt bodies should choose the best delivery product rather than choose best price. Competition and over bidding materially reduce the quality of product.*
- ✓ *As a SME house builder, it has become a real battle to keep moving forward and just survive in the current climate; I feel the constraints and unrealistic costs encumbered on developments by Local Authorities need to be re-considered and tested for fairness.*
- ✓ *Harder. Unfortunately, we continue to experience political objections to development - even when the proposals have support from the planning officers and recommendation to approve.*
- ✓ *It is getting harder. The appeals-based planning system is waning and there appears to be increasing inability to meet Local Plan timeframes. Where local authorities need to collaborate on Local Plans, you can almost assume that the process will fail and 5 years will be added to the timeframe which is totally unacceptable.*



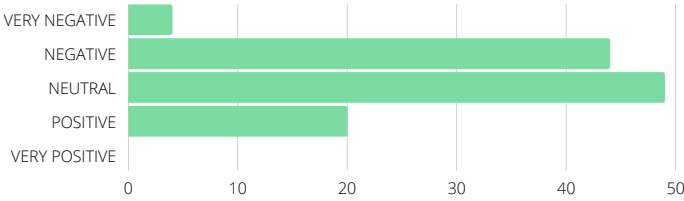
Stakeholder Segmentation Insight

Across all stakeholder groups, it was evident that their request was to have an improved planning process and system in place.

Planners/Architects & Housebuilders prefer for there to be no variations of the planning process and for it to be simplified - along with clarity and consistency on the expectations of planning.

Poll: Levelling Up

Q. Is the Northern Powerhouse unlocking housing that attracts skilled workers?

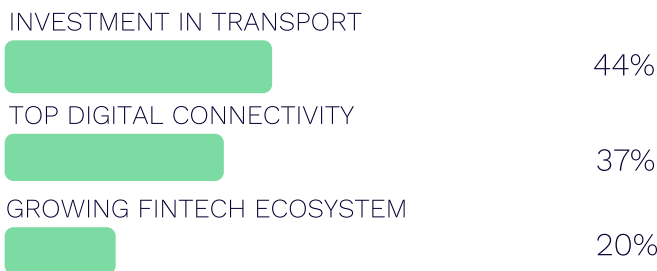


- ✓ *I think the start is promising. Local devolution has helped this process. Reforming land value capture to enable more homes to be built at speed will be helpful.*
- ✓ *[We need] more investment in levelling up and the Northern Powerhouse. Much of the promised investment hasn't been delivered and although levelling up the North appears high on the agenda it needs investment in transport systems to attract industry and good quality housing to attract workers.*

Q. Rank the impact of the following government policies regarding new housing

1. Levelling Up ('LU')
2. Northern Powerhouse ('NP')
3. High Speed 2 ('HS2')
4. Midlands Engine ('ME')

Q. Weight the value of the below as drivers for investing in the Midlands Engine



HS2 Reservations: Driving Talent South Stakeholder Verbatims Excerpts

Stop building HS2 - It is 20th-century thinking and will suck talent from the north and midlands southwards - not the other way. The focus on London/South East is going to diminish anyway - it is a changing economic/technological landscape out there - encourage the skills creation and the new businesses that are already emerging in the north and the housing will follow the demand to a certain extent.

Why not start thinking about how to deal with the problems London will experience if/when demographics start moving away from a London-centric focus - remember the population decline in London throughout the 70s and 80s?

Kickstarting Levelling Up & Tackling Housing Issues

Stakeholder Verbatim Excerpts

- ✓ *The country is not currently planning to build enough homes in the north. The housing stock (type and quantity) doesn't have the right profile to support the local industrial strategies of the northern city regions.*
- ✓ *The West Midlands Combined Authority needs to develop a full spatial plan and receive more devolved powers over housing grant subsidy.*
- ✓ *The critical allocation of housing numbers is vital to this all - it can't be left to a "black box" algorithm. Synchronising the timing of Local Plan formation across all councils and having a body in charge of centrally distributed housing numbers allocation would be an interesting step to really making levelling-up happen and in a transparent way.*
- ✓ *The hub and spoke model has been expedited by COVID-19, meaning there are increasingly less reasons to stay in London with its high cost of living and long commuter times. Cities like Manchester are leading the way, showing that high wages can still be earned, in an environment that better supports quality of life.*

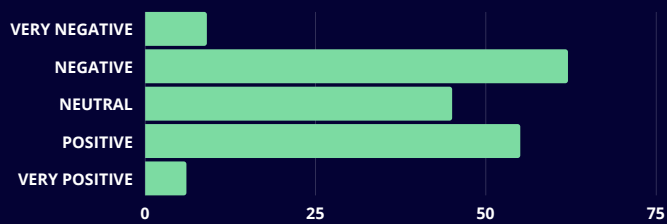
Q. Now HS2 is under construction, how is it affecting your investment decisions?

88%
Positively

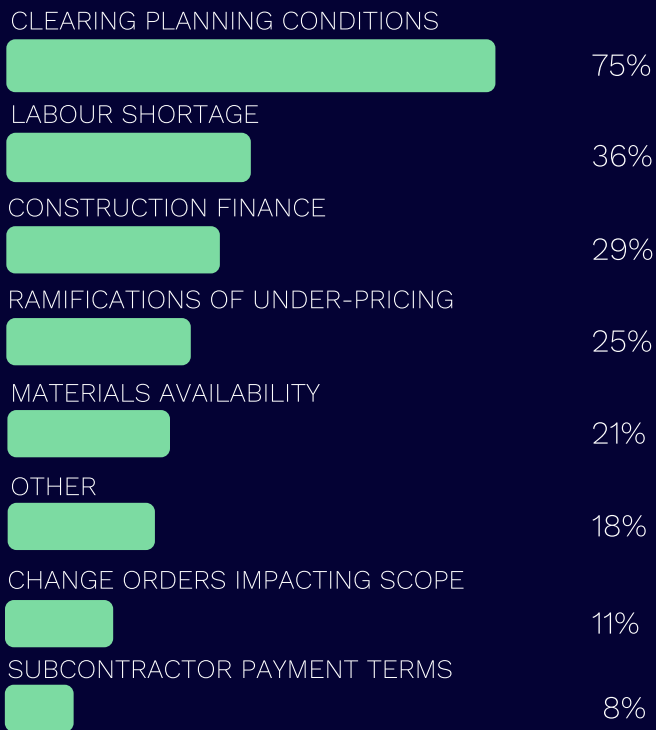
12%
Negatively

Poll: Construction

Q. COVID aside, how easy or hard has it been to build new homes these past 2 years?



Q. Which issues affect the progress of construction projects the most?



Stakeholders asked to identify the top 3 issues

Q. Do Net Zero requirements help or hinder the delivery of high-quality new homes?

82%

Contracted

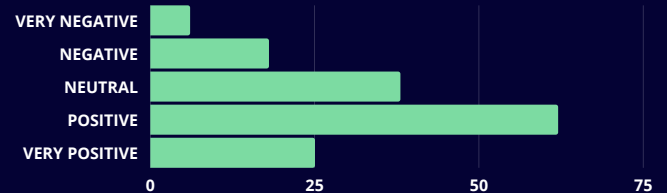
18%

Increased

Q. Does the construction industry face other issues that hinder housing delivery?

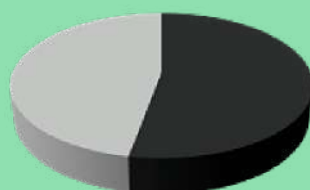
- ✓ *Slowness of planning departments due to under resourcing. Lack of desire from Councillors to push through needed development.*
- ✓ *The biggest issues currently are the Covid restrictions and uncertainty over Brexit.*
- ✓ *Delivery is one issue - what about the quality? Focusing on delivery at the expense of quality is half the issue here - not understanding what 'Good' even looks like is a problem.*

Q. "MMC can play a significant role in solving the housing crisis." Do you agree?



- ✓ *It can enable standardisation of components such that efficiencies can be generated in the construction process. The key will be to bring the costs down so that it has the same or better viability than traditional build options.*
- ✓ *MMC may be able to take weeks off what is a years process.*
- ✓ *The ability to provide high quality homes in less than perfect ground conditions means that brown field sites, so often overlooked, can be utilised. The preconstruction periods are also shorter, the use of green materials enhances the environmental standards by more than the cost.*
- ✓ *The planning system needs to adapt to better accommodate MMC. Fire risk and quality of on site assembly would benefit from investment in training.*

Q. Do you think the government's 300,000 homes per year target is feasible?



■ NO - 53% ■ YES - 47%

"Not without improved planning"

"Maybe with joined-up working"

"Yes, if local policy allows it"

"Not under current planning"

"220,000 is feasible"

The Case for Increased Funding for Sustainable & Affordable Housing Solutions

Stakeholder Verbatims Excerpts

- ✔ *Move funding support and allegiances with mainstream commercial housebuilders that often don't meet the minimum standards to favour those that deliver truly sustainable housing solutions.*
- ✔ *Grant fund far more affordable housing. The commitments within the 2021-26 AHP are welcome but will not deliver the volume required to meet demand.*
- ✔ *Set up a 'sovereign home builder' and consistently fund it with a certain amount each year. Give it an independent board like sovereign wealth funds. Target it with one aim 'generating as much cash as possible through the sale of non-luxury homes.' And allow it to re-invest that cash.*
- ✔ *Net Zero has the potential to improve the quality of homes but in the current market it is not financially viable without additional grant. We are currently exploring doing a new development with an 80% reduction on current carbon standards and have projected the additional cost at £21,000 per home. We believe this could rise to £27,000 per home for zero carbon.*
- ✔ *Housing Associations can support the government in meeting decarbonisation targets and deliver EPC C by 2035. The sector is well placed to deliver retrofitting measures in occupied properties at scale and at speed.*

In order to deliver this work and all of the social, environmental and economic benefits it entails, Housing Associations will require the grant funding promised in the Conservative manifesto in 2019.

If this funding is brought forward sooner rather than later Housing Associations can start to deliver the retrofit programmes focussing on EPC C targets supporting commitments to level up the country, meet decarbonisation targets and provide more affordable homes for sale and rent.



Stakeholder Segmentation Insight

Across the segmentation groups, greater funding support was the favoured theme.

The comments and insights were driven by Housebuilders & Housing Associations, citing to encourage and fund innovative and forward-looking solutions for meeting housing targets and supporting SME housebuilders with access to capital.

Stakeholder Verbatim Excerpts - Sustainability

- ✔ *To make all new build homes NZC by 2030*
- ✔ *All public procurement projects require net zero commitments, and also priorities refurbishment first and have to justify new build.*
- ✔ *All energy efficiency, water, space standards in B Regs and not planning.*
- ✔ *Commit to Carbon Zero by 2030. If we can ban petrol/diesel by 2030, we can certainly build more sustainably, more quickly.*
- ✔ *Fast track regenerative design-led housing that is carbon positive*
- ✔ *Improved building regulations on thermal performance*



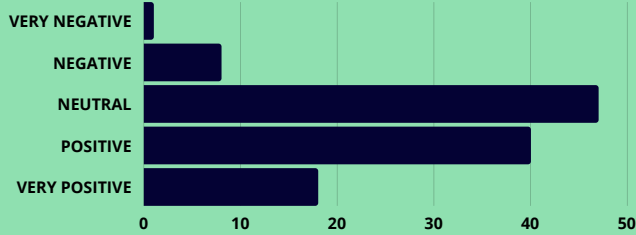
Stakeholder Segmentation Insight

Another key theme to come from the segmentation groups was in relation to sustainability, a subject that is on the tip of the property industry's tongue currently.

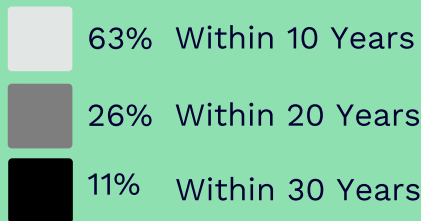
Planners & Architects expressed their views on sustainability, citing that improvements need to be made as we draw closer to the 2030 deadline of being Net-Zero. More commitment is needed to achieve the target and that incentives must be put in place in order to adopt and operate energy-efficient measures in buildings.

Sustainability

Q. Is it easier to sell/let highly energy efficient & sustainable homes?



Q. How quickly do you think you can adapt to building Net Zero Carbon homes?



Q. Do Net Zero requirements help or hinder the delivery of high-quality new homes?



Barriers to Environmental Design Stakeholder Verbatims Excerpts

- ✓ *The industry has yet to agree on what defines net zero carbon and does not have an agreed standard - e.g. the equivalent of a BREEAM rating. Whilst the operation of buildings to achieve net-zero carbon is understood the role of embodied carbon is not. An agreed standard for evaluating net-zero carbon needs to be agreed as soon as possible.*
- ✓ *The planning presumption is not geared up for this sort of innovation in built-up areas [which is] just where the worst carbon consuming housing stock exists.*
- ✓ *At the moment, in the quest to deliver Net Zero and deliver a profit, it's inevitable that some concessions elsewhere will be made. It's all stick, no carrot. Net Zero & high-quality design should be factored into s106 viability equations.*
- ✓ *We pay 20% VAT on most forms of refurbishment & renovation & typically between 0% & 5% on new build. Legislation needs to be more radical to address the issues of waste & embodied energy in construction. It's a problem that those who are endeavouring to upgrade buildings are penalised financially when they do.*

The Importance of Net Zero Legislation & Grants Stakeholder Verbatims Excerpts

- ✓ *Net Zero has the potential to improve the quality of homes but in the current market, it is not financially viable without additional grants. We are currently exploring doing a new development with an 80% reduction on current carbon standards and have projected the additional cost at £21,000 per home.*
- ✓ *Non-standard construction (eg triple glazing) is expensive but once new items become standard they become cost-effective. Legislation is the best way to implement change then the industry will find clever ways of achieving/economies of scale to make it cost-effective, (think back to Code for Sustainable Homes).*
- ✓ *We must recognise that delivering zero carbon new homes has a cost; that increase needs to be backed by increases in grant funding to support innovative projects zero carbon and we need government support through legislation and incentives to make it possible.*
- ✓ *We must embrace zero carbon and we need government support through legislation and incentives to make it possible.*
- ✓ *There is a lack of support [for Net Zero construction], lack of guidance, lack of investment to achieve the targets.*

Poll: Sales & Lettings

Q. Which of the below are frequent Sales & Lettings obstacles?

AFFORDABILITY ISSUES



ECONOMIC INSTABILITY



THE POLITICAL BACKDROP



PRICING EXPECTATION GAP



SUPPLY & DEMAND DISSONANCE



RISK OF STAMP DUTY CHANGES



INTERNATIONAL MARKET CONDITION

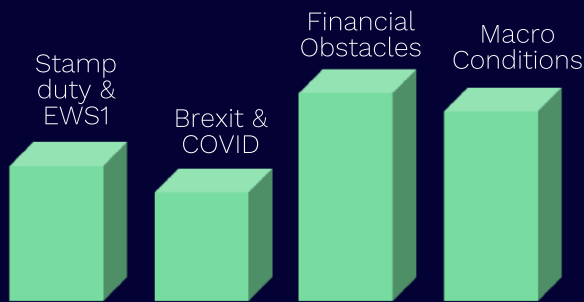


INDUSTRY'S REPUTATIONAL ISSUES



Stakeholders asked to identify up to 4 obstacles

The main obstacle to concluding sales/lettings these past 2 years:



How the government could make your job easier?

Stakeholder Verbatims Excerpts

- ✓ *Provide longer-term certainty to government interventions, e.g. Help to Buy, to reduce the risks associated with land appraisal.*
- ✓ *Professionalise the sector requiring all letting and sales agents to be properly qualified.*
- ✓ *Bring back (rebadged) Home Information Packs so that information that is often time-consuming to source and compile is available to prospective buyers. It would go a long way to prevent mis-selling and retains caveat emptor.*
- ✓ *Oversee and raise standards for millions of people currently in rental accommodation, much of which is not fit for purpose and to enforce standards on landlords who do not comply and to encourage and play a part in the growing build to rent sector which has the ability to improve lives for the future.*



Stakeholder Segmentation Insight

Themes to come from the stakeholders was in relation to planning decisions & policies, legislation & compliance.

The segment with the most to say came from planners/architects, who stated that funding should go towards hiring more planning officers and the decision making infrastructure, as well as allowing facetime verification for AML checks - comments mentioned by those within the Residential Estate Agency business.

Main Obstacles to Concluding Sales/Lettings

Stakeholder Verbatims Excerpts

- ✓ *Sales have been held up because of Covid because of slow down in completion. The reduction in stamp duty has meant higher-value properties have sold often at slightly inflated prices. Lettings have been delayed through Covid but demand remains high.*
- ✓ *As an affordable housing provider, demand for our homes massively outstrips supply. Last year we had an average of 81 bids for each home that became available. Our challenge is being able to develop as many new homes as we can to meet housing need.*
- ✓ *Rented accommodation requires different governance than home-ownership, yet when both are being handled by the same Minister, they often focus predominately on increasing rates of home-ownership to the detriment of the rented market*
- ✓ *The artificial market created by the Government, too much subsidy into private sales homes through Help to Buy. This has inflated land prices, reduced supply and increased house price inflation.*

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