

HOUSING BRITAIN

BUILDING NEW HOMES FOR GROWTH



CONTENTS

Foreword <i>Katja Hall, CBI deputy director-general</i>	3
<i>Summary of recommendations</i>	4
1 <i>Millions of people in the UK are taking a big economic hit from our failure to build enough homes</i>	8
2 <i>With the market set to creak under renewed pressure over the next decade, action must be taken now</i>	12
3 <i>Delivering a sustainable housing market requires an ambitious and credible plan from government and business</i>	20
<i>References</i>	30

Foreword

CBI DEPUTY DIRECTOR-GENERAL, KATJA HALL



Housing is not just a social priority – it is a key business issue. We see the impact of too few homes being built not just on the front pages of our newspapers but in the experience of our families, friends and colleagues. Working people are being priced out of buying their first home and renters are not getting the quality they deserve for their money. Young people are living with their parents for longer because they cannot afford to get onto the housing ladder, and growing families are unable to buy the bigger homes they need.

It also has huge implications for our future economic competitiveness. Businesses need a flexible and mobile workforce, but the high cost of moving home, and lack of decent and affordable housing, are barriers to attracting and retaining employees. Furthermore, building new homes is a powerful source of growth, creating jobs across the country and supporting hundreds of thousands of businesses and their supply chains.

We know the economic drivers for action are there. Millions of people across the country are affected by a substantial spending hit. New research commissioned by the CBI from the Centre for Economic and Business Research (CEBR) has quantified that if housing and commuting costs had risen at the same rate as the Consumer Price Index (CPI) rate of inflation, households across the country would have an extra £4 billion a year additional spending and saving power. Of this £4bn, £3.2bn is from higher housing costs and £770m higher transport costs – people have to pay for our failure to build enough new homes, whether facing longer and longer commutes or struggling with rising housing costs.¹

Businesses are clear on the urgent need for action. Britain needs a sustainable, flexible housing market that delivers quality, affordable homes in the places people want to live. We need to double the number of homes we build and this will require bold solutions and an end to the years of politicians putting off difficult decisions. Business and government must work together on an ambitious and credible plan.

I want to hear politicians debating the ideas in this report over the coming months and agreeing action to revitalise supply. With all parties honing and finessing their manifesto pledges, I want them to address the difficult questions and not duck the decisions that need leadership to see through. Now is the time to think big and bold on this national priority.

Katja Hall
CBI deputy director-general

Summary of recommendations

CBI members see housing as a critical business issue that requires a long term, ambitious and credible plan. We need a shared vision about the principles of a sustainable housing market and the action required to achieve it.

This report sets out the manifesto commitments that business wants to see to build the homes we need and policy priorities for government and business to develop. Over the coming months the CBI will engage with a wide range of stakeholders to explore the ideas set out below and will publish final policy recommendations later this year.

We need to **double the number of new homes being built every year within a decade**. To hit this target, we need the market delivering a **pipeline of land** for **well-designed new homes** to buy and rent, **financed in innovative ways** and built by a **skilled workforce**. Underpinning this development activity must be a **flexible and workable planning system** and a **simpler and competitive tax regime**.



We need to double the number of new homes being built every year within a decade.

We need to double the number of new homes built to buy and rent

CURRENT SITUATION	ACTION
<p>We have historically failed to deliver enough new homes to meet demand – building only half the number we need per year for the last decade.</p> <p>Despite cross-party consensus on the scale of the problem, there is no common view of the solution. The house building sector does not have the long-term certainty they need to ramp up capacity.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to be building 240,000 new homes every year within a decade. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Publish delivery plan on how to meet this commitment, with cross-party consensus on long term goals, giving certainty to local authorities, investors and house builders to ramp up capacity.

This requires a clear and sufficient pipeline of land...

CURRENT SITUATION	ACTION
<p>Less than 10% of England is developed yet house builders of all sizes often struggle to find permissible land for development.</p> <p>We don't have a sufficient pipeline of brownfield land to build on in urban areas.</p> <p>Whilst the government has moved forward in identifying public sector land and assets for sale not enough local authority land is being made available for new homes.</p> <p>Our policies on where we build have changed little since the 1940s and are no longer fit for purpose. Many areas within the green belt are not green and pleasant fields but former industrial sites and waste land. We need to question why we are protecting these areas at the expense of meeting our housing needs.</p> <p>We now have the green light for a new garden city at Ebbsfleet but momentum and scale of ambition for a wider programme of new town development is lacking.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ No red line commitments about land use that would tie the hands of a future government. ■ Commitment to building new towns and garden cities, with development completed or underway for ten new communities by 2025. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Reveal the true scale of land owned by taxpayers, by publishing online a wholesale inventory of public sector (central and local government) land and property assets. ■ Give local authorities greater incentive to review the extent and environmental quality of their green belts, with a focus on releasing low environmental quality land, alongside brownfield sites for new homes.

...and a flexible and workable planning system

CURRENT SITUATION	ACTION
<p>The National Planning Policy Framework (NPPF) is bedding in and businesses remain supportive of its pro-growth principles. Yet house builders still face significant barriers to delivering new homes.</p> <p>Despite the principles of the NPPF, many house builders do not encounter the promised pro-growth mentality at local level, resulting in a lack of cooperation and failure to plan strategically for housing needs across functional economic areas.</p> <p>Furthermore, delay and under-resourcing in the planning system, combined with poor efforts to communicate the benefits of development to local communities, are holding up delivery.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to retain and improve the NPPF, with a review started on day 1 of the new government on causes of planning delays and subsequent improvements to the current system. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Target and support poor performing planning departments in local authorities to enable better service and quicker decisions, with better information for the public on performance. ■ Develop a range of local financial incentives, beyond the New Homes Bonus, to drive investment in new homes and build support for developments among local communities.

These new homes should be financed in innovative ways...

CURRENT SITUATION	ACTION
<p>Access to finance is still a major barrier for small and medium sized house builders looking to build new homes.</p> <p>With constrained spending plans set to carry over into the next parliament, there is little room for the government to manoeuvre on direct investment in the short term. The focus of current government spend on housing is through welfare payments, with over £24bn spent on housing benefits, compared to just under £6.5bn on capital investment in housing stock.</p> <p>There is plenty of private finance available for new homes but not enough is being done to attract investors. While progress has been made on encouraging institutional investors to channel funds into build-to-rent schemes, the scale of that investment needs to be increased drastically to meet demand.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to the future role of the British Business Bank in supporting SMEs, including house builders, to grow by bringing all schemes under one roof. ■ Commitment to retaining current private rented sector policy and regulatory environment to drive further investment at scale in the sector. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Spend more on capital support for new homes by increasing the affordable housing budget and less on housing benefit, with less red tape and more innovation to deliver better value for money. ■ Supporting small and medium sized house builders in accessing alternative sources of finance. For example, greater use of retail bonds for housing with local people – including local authorities – investing, or government guarantees for lending to small and medium sized house builders to help them get building.

...with investment underpinned by a simpler and competitive tax regime

CURRENT SITUATION	ACTION
<p>The UK land and residential property tax regime is overly complex, with Stamp Duty Land Tax (SDLT) especially acting to reduce market liquidity through its distortive banding.</p> <p>Furthermore, there is a range of direct and indirect taxes which interact and can distort the housing market. Planning gain taxes, section 106 payments and the Community Infrastructure Levy, while sometimes workable, can add unpredictable costs to developments and, in the worst cases, impact scheme viability.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Politicians should commit to progressive reform of SDLT, when the public finances permit in the next parliament, moving to a system where buyers entering a new threshold would only pay the higher rate on the portion of the property that falls within the higher bracket. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Review residential property and land tax regime to better understand the interaction between taxes and the impact on investment. ■ Explore scope for incentives in the tax system, or other fiscal incentives, which could be developed to help people looking to downsize their property and for families extending their homes to look after elderly relatives.

The homes should be well-designed...

CURRENT SITUATION	ACTION
<p>Housing stock has a huge impact on the environment, accounting globally for 30-40% of energy use and a third of CO₂ emissions.² The government has recognised this in its zero-carbon homes objective and a recent decision to incorporate emissions standards into building regulations has been welcome.</p> <p>While homes are getting greener, they are feeling increasingly constrained by space. Floor space in new homes in the UK is below the European average and consumers are increasingly savvy about use of space and design quality in new homes.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to continue to push ahead with our zero carbon homes ambitions, ensuring that house builders have the clear policy signalling they need to deliver homes that can help reduce carbon emissions, lower energy costs and grow the green economy. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Support high quality new housing developments through up-to-date government guidance. ■ Improve consumer information by introducing better information on the quality of new homes, this should enable consumers to compare the performance of different homes and increase demand for high quality design.

...and built by a skilled and diverse workforce

CURRENT SITUATION	ACTION
<p>The construction sector has long harboured concerns about access to the skilled workforce it needs to grow and compete. The recession saw a significant hollowing out of the construction workforce and we risk losing skills and experience as a large portion of the workforce nears retirement age.</p> <p>Businesses fear that the pipeline of diverse and able apprentices and STEM qualified graduates to support a sustained increase in housing supply is not currently in place.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to driving up female participation in STEM subjects. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Work with industry to support retraining of our construction workforce to help retain talent and experience, including allowing use of UK Commission for Employment and Skills funding to help firms retrain workers in STEM-related areas. ■ Reduce fees on some STEM courses to help drive uptake among undergraduates and apprentices.

Millions of people in the UK are taking a big economic hit from our failure to build enough homes

SECTION 1

For decades the UK's housing market has not functioned as a healthy market should. At the heart of the problem is an imbalance between the supply of new homes relative to demand – a situation now so serious that we have seen only half the number of houses we need built every year for the last ten years.

Our failure to build enough homes has been driven by a number of reasons, but in particular limited access to land for new development, difficulties securing planning permission and the reduction in the number of businesses delivering housing are to blame. For decades this has caused cyclical house price volatility – a situation that has contributed to macroeconomic instability to the detriment of households and businesses alike. This is why the Governor of the Bank of England, Mark Carney, recently highlighted that the housing market poses the biggest risk to our future financial stability.

We have seen average UK house prices increase by 56% since 2004 – a rise that has helped create an average unassisted age for first time buyers of 33.³ Housing shortages are also pushing up market rent at a time when forecasts for disposable income remain weak, putting strain on people's finances and limiting their choice of where to live.

The economic imperative for action is clear. The macroeconomic impact – on stability and on labour market flexibility – is reasonably well documented. But the economic impact hits people too. We know it from families not being able to find a house they can afford to call home. And we now have numbers to show its monetary impact too.

New research commissioned by the CBI from the Centre for Economic and Business Research (CEBR) has quantified that if housing and commuting costs had risen at the same rate as the Consumer Price Index (CPI) rate of inflation, households across the country would have an extra £4 billion a year additional spending and saving power. Of this £4bn, £3.2bn is from higher housing costs and £770m from higher transport costs. It is clear that a political focus on boosting housing supply and sustaining a competitive market has powerful economic reason.

We need to see a strong political focus on boosting housing supply and sustaining a competitive market to help address this cost to society.

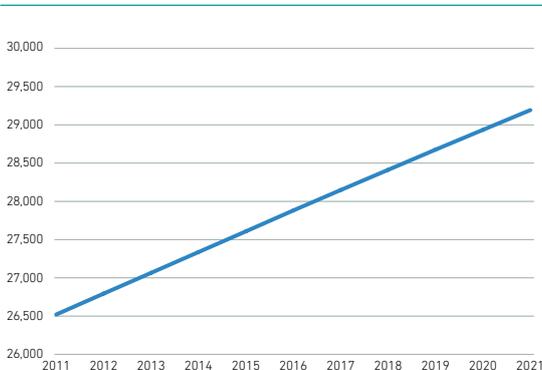
We have seen average UK house prices increase by 56% since 2004 – a rise that has helped create an average unassisted age for first time buyers of 33.

We have failed to supply enough new homes to match demand – and this will get worse if we don't change the way we do things

The statistics on house building speak for themselves. Despite needing to supply at least 240,000 new homes a year to satisfy levels of demand in England alone, we have only delivered over 200,000 in four years out of the last fourteen, and the highest level of completions attained in this period was 219,000 – still 21,000 short of the number required.⁴

The rapid rate of new household formation (additional individuals, couples and families needing a home for reasons like marriage breakdown or moving out of the family home) helps to illustrate the scale of the gap between demand and supply. **Exhibit 1** shows the projected rates for new households for the United Kingdom up until 2021 – a good measure to determine demand for new homes now and in the future. Figures for 2013 put the number of households in the UK at 26.4 million: if these projections play out as suggested, we will see an extra 2.7 million new households by 2021.⁵ That's an extra 337,500 new households looking to put a roof over their heads every year. But there just aren't the houses to meet this demand, with fewer houses built in 2010 than in any year since the Second World War.

Exhibit 1 Household projections in the UK, 2011-2021



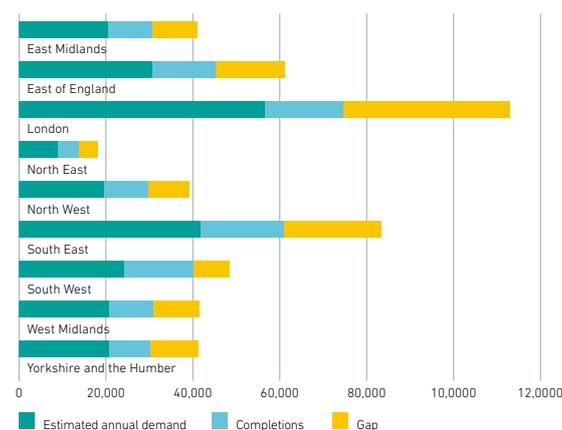
Source: Department for Communities and Local Government, live tables on household projections, table 401

This is not simply a London story – the shortage of supply of new homes is creating pressure across the country, illustrated by breaking down demand across the country. **Exhibit 2** shows the difference between annual demand and completions of new homes is unsurprisingly most acute in London and the South East; but the picture is far from rosy in many other areas. The East of England, the Midlands and Yorkshire and Humber also show significant gaps between demand and supply.

337,500

Number of new households looking to put a roof over their heads every year

Exhibit 2 The housing demand gap in England, 2013-14



Source: House of Commons Library, Housing need and demand (England)



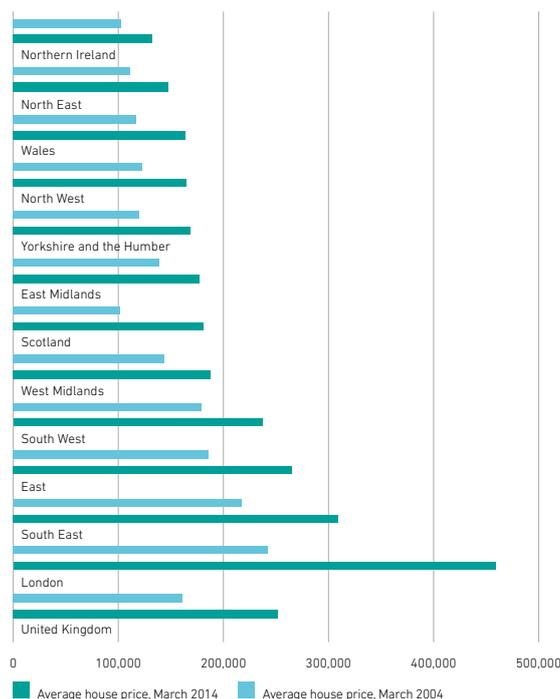
The additional cost to UK households through having to pay higher housing costs is £3.2 billion per year.

This demand gap has inflated the cost of buying or renting a house, making it more difficult for people to join and move up the housing ladder...

Rising house prices are not a new phenomenon. Over the last ten years, average UK house prices have increased by 56%, nearly double the increase of the CPI over the same period. Following the 2008 crash, UK house prices began picking up again in 2011, and the CBI forecasts that house price inflation is expected to rise to 8.2% this year, from 3.6% in 2013, and to 5.1% in 2015.⁶

Whilst rising house prices outstripping inflation has effected all areas of the UK, areas with higher demand for homes have been particularly affected. **Exhibit 3** illustrates the disparity: house prices in London have increased by 90% over ten years, whilst prices in Northern Ireland and the East Midlands have increased by only a third of that (28%).⁷ By comparing this disparity with the demand gaps in **Exhibit 2**, we can see the clear relationship between demand outstripping supply and strong growth in average house prices.

Exhibit 3 Average house price increase 2004-2014



Source: ONS House Price Index

This squeeze has also been felt in the private rented sector. House price inflation has fed market rent volatility, complemented by a lack of investment in new quality build-to-rent homes to satisfy the growing demand from 'Generation Rent'. The 1.8 million people on local authority waiting lists for social rented properties clearly demonstrates the strong demand for affordable housing from families up and down the country.⁸

With widening regional differences in house prices, modest to flat wage growth and low disposable income, people are being priced out of buying and more households are spending higher proportions of their income on the cost of a mortgage or rent. Without a boost to supply, this situation risks becoming unsustainable.

...with variations in rising house prices across the country, households are losing out to the tune of £3.2bn a year across the country

The imbalance between demand and supply of housing in the UK is creating serious economic and social challenges. Squeezed household spending power is restricting consumer choice, while costs to businesses looking to recruit and retain employees are increasing.

Business leaders are increasingly aware of this risk – and nowhere more so than in our capital. A recent CBI/KPMG London Business Survey demonstrated how the rising cost of housing and current rate of building in and around London is perceived as a serious threat. Housing costs came out again as the second biggest threat to competitiveness in the capital, with a quarter of those surveyed listing it as a risk to London's ongoing competitiveness when compared to other world cities.

Four in five (83%) firms felt that there is a lack of good quality affordable housing in London, with only 5% believing that the current situation is acceptable. As such, two-thirds (61%) of respondents listed housing costs and availability as having a negative impact on recruitment of entry level staff, with half of respondents saying the same thing for mid-level managerial employees and a quarter (23%) for senior staff. This is compounded by the 41% of those surveyed saying they have experienced issues with people being unable to afford to live in the local area.⁹

The strength of business feeling on this issue prompted the CBI to commission new analysis from the Centre for Economic and Business Research (CEBR) to assess the impact of this persistent under supply of new homes on the economy. **Exhibit 4** sets out the methodology that CEBR used.

The analysis revealed the extent of the divergences in housing costs across the country, perpetuated due to the housing demand gap, and people using more of their disposable income to pay for mortgage payments, rent and commuting costs.

By considering a scenario where housing and commuting costs across the country rose at the same speed as the Consumer Price Index (CPI) rate of inflation, instead of above it, over the last ten years, we can get a picture of what households are losing out on as housing and transport costs increase and

diverge throughout the UK. CEBR found that the loss of discretionary spending power to UK households from having to pay higher housing costs is £4 billion per year, £3.2 billion of which relates to housing costs and £770 million for transport related costs. In short the UK public are having to spend an extra £4bn a year on housing and transport because we are failing to build enough homes.

This figure demonstrates the size of the economic imperative for politicians and businesses to come together to tackle our chronic shortfall in housing supply. Without action, households will have less to spend and save, and

businesses will find it increasingly difficult to attract the skilled, mobile employees they need to grow and thrive. We can help secure our future competitiveness by boosting supply to help stabilise these rising costs.



Two thirds of London businesses listed housing costs and availability as having a negative impact on recruitment of entry level staff.

Exhibit 4 CEBR methodology

To consider the potential boost to consumer spending power if overall UK housing costs were lower the CEBR compare growth in housing costs from 2004 to 2014 with a counterfactual scenario where costs instead grew by the CPI measure of inflation. Using this benchmarking methodology CEBR found that overall consumer spending power across the UK could be boosted by £3.2 billion a year.

Using the same methodology, CEBR also considered the extent to which lower commuting costs – through,

for example, being able to afford to live closer to work – would boost spending power. They found this could be worth an extra £770 million per year to overall consumer spending power across the UK.

These estimates were worked out by taking the average household expenditure on housing costs, from the ONS Family Expenditure Survey (FES). This was inflated into 2014 prices.

With the market set to creak under renewed pressure over the next decade, action must be taken now

SECTION 2

The UK is in desperate need of more homes – and that need is set to intensify over the coming decade. The dual pressures of population growth and other demographic shifts – such as an ageing population and more single person households – will make the situation worse if politicians fail to act.

We need to ask and answer serious questions about where future generations will live and work, and how we meet their housing needs. As cities continue to grow, how do we ensure that our housing levels respond to both urban and rural demand – not just in terms of numbers but type of available housing? Furthermore, with the public purse still constrained, what levers should the government pull to ensure that we have a coherent and affordable pipeline of homes being planned and built? As housing costs put further strain on disposable income we need to look at how to make our future housing stock affordable and ensure that we get the right combination of property, price and place.

As well as answering these questions, we need to look at whether or not the construction industry is geared up to meet the challenge and how business can be supported on increasing delivery. Access to finance, especially for smaller house builders, continues to act as a drag on the industry, as does the lack of a pipeline of skilled workers. With a large percentage of construction workers nearing retirement age and not enough new diverse entrants to key professions, the skills gap will widen in the future without action.

All these trends combine to bolster the case for immediate and sustained action to boost the supply of new housing. In thinking about manifestos, politicians should seek to set out both the current and longer term challenge, together with a coherent and collaborative policy response.

Satisfying demand for new homes from a growing and changing population is the housing market's biggest challenge

Within 50 years, the UK is forecast to overtake Germany and France to become the biggest country in the EU. By 2027, our population is set to reach 70 million – we need to make sure everyone has a decent roof over their head. The most pressing concern, however, is where this expanded population is going to live and which areas are set to be most crowded.

Exhibit 5 shows the fastest rates of growth up to 2022 are predicted to be in London, the South East and the East of England regions, with the slowest rate of growth in the North East. Looking back to **Exhibit 3** in the previous chapter, which demonstrates the current highest housing costs and levels of demand, there is little evidence in the projections that future demand will be distributed more evenly across the country.

These projected growth patterns and regional divergences suggest that carrying on as we are without facing up to the housing supply challenge will exacerbate the existing problems in the market, driving up costs further, lowering consumer choice and damaging our economic competitiveness.

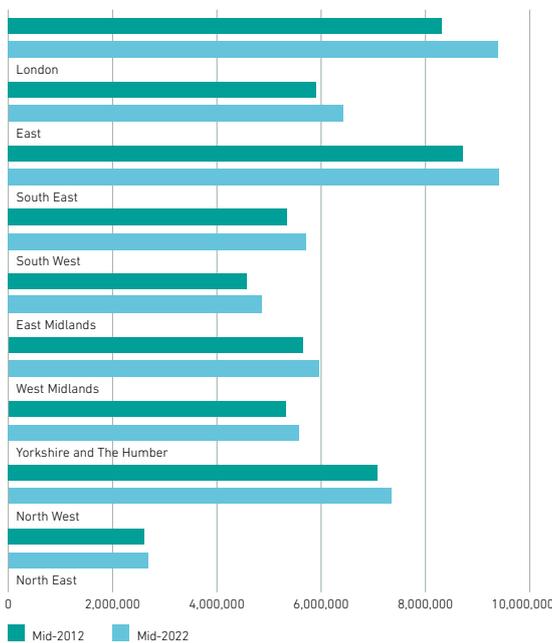


By 2027, our population is set to reach 70 million – we need to make sure everyone has a decent roof over their head.



The number of people aged 80 and above will reach six million by 2037 – more than doubling today’s figures.

Exhibit 5 Projected regional population growth, 2012-2022

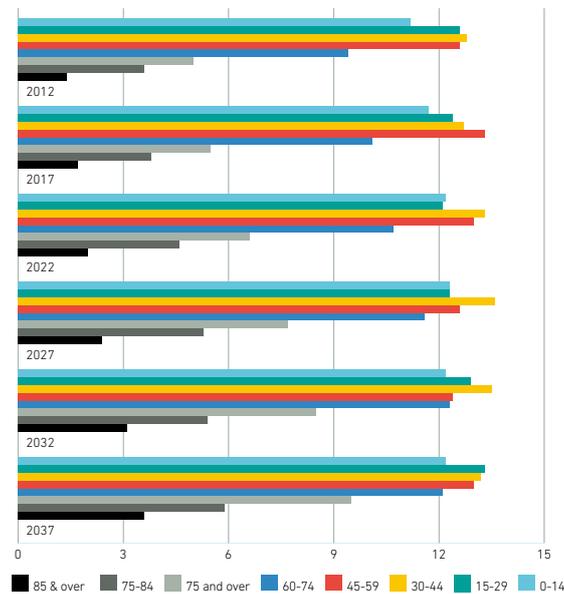


Source: Office of National Statistics, 2012 based subnational population projections for England

Delving down into this population growth, we get a better understanding of the impact of changing population profiles on the type of homes we need to build. The starkest trend, demonstrated in **Exhibit 6**, is an unprecedented rise in the proportion of the population aged 65 and above. At the upper end, this shift will see the number of people aged 80 and above reach six million by 2037 – more than doubling today’s figures.¹⁰ Closely connected to our ageing population will be the continuing rise of single person households. The Organisation for Economic Co-operation and Development (OECD) predicts that an increase of 60% of single person households will occur in England up to 2025-30 – the third highest rate recorded in OECD countries. It seems obvious that an 80 year old requires a different type of home than a 30 year old couple with a toddler to look after – but we’re not doing enough to take it into account when building homes for the future.

The challenge for local authorities is serious. At present, there are 24 local authorities with more than a quarter of their populations aged 65 and above – and this is set to more than treble to 83 by 2022. Local authorities and developers will have to meet the dual challenge of creating a balanced housing mix to deliver suitable new homes meeting the specific needs of the elderly, while considering how to support people who may want to downsize to a smaller property.

Exhibit 6 The UK’s shifting age patterns, 2012-2037



Source: Office of National Statistics – National population projections

Taken together, all these trends demonstrate the scale of the challenge over the next decade in housing a growing and shifting population. If we are struggling now to build the number and type of homes we need, without urgent action, future scenarios look increasingly unacceptable.





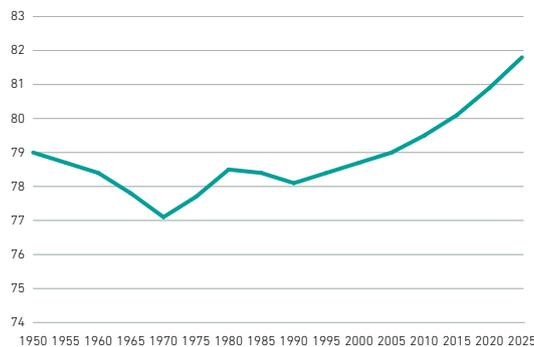
The UK public are having to spend an extra £4bn a year on housing and transport because we are failing to build enough homes.

The growth of cities will see more people squeezed into the most densely populated areas and mean we need to think again about where we build

The gradual expansion of our vibrant cities and population movement from rural to urban areas is nothing new but will continue to intensify. A core element of geography textbooks for many decades, the pull of the urban life and the work and leisure opportunities it brings continues to build momentum. However, when faced with an already constrained housing stock, this shift takes on a new significance. We are trying to cram more people into the most densely populated areas of the country. The implications for housing policy are important.

Exhibit 7 demonstrates the likely future scenario. Having been steadily increasing since the late 1980s, the trend of urbanisation looks set to continue and indeed accelerate in the next decade. By 2025, the proportion of the population residing in urban areas will push towards 82% – currently at 80%. When this figure is set against the proportion of UK land currently classified as urban, a stark picture emerges.

Exhibit 7 Projected trend of the proportion of the UK population residing in urban areas, 1950-2025



Source: United Nations

Only a small part of land in the country is built on to provide places for people to live and work, though it is difficult to pinpoint the exact amount. The most comprehensive chronicle is the 2011 UK National Ecosystem Assessment, which estimates that just 6.8% of UK land can be classified as urban. This is broken down further still to show 10% in England, 4.1% in Wales, 3.6% in Northern Ireland and 1.9% in Scotland.¹¹ Given that a large proportion of this urban space will contain green spaces – parks, sports fields, domestic gardens – the actual space given over to housing, as opposed to other infrastructure and commercial premises, starts to look squeezed.

It is clear that we will face difficult choices about how we best utilise available space, accepting that despite the relatively low percentages of land being classified urban, quality and class of land mean only some of this space will be suitable for new homes. Much of this land will also simply be in places where demand for homes will be low due to the economic draw of other regions and cities, as well as insufficient supporting infrastructure.

Our policies on where we build have changed little since the 1940s. Many areas within the green belt are not green and pleasant fields but former industrial sites and waste land. We need to think again about building on the green belt without compromising the environment.



Today, 80% of the UK population occupies only 6.8% of land – we need to think again about the type of land we build on.



The government needs to ask has it got the balance right between current spending on housing benefit and capital funding for new homes.

Tightened public and personal finances will add pressure to the mix...

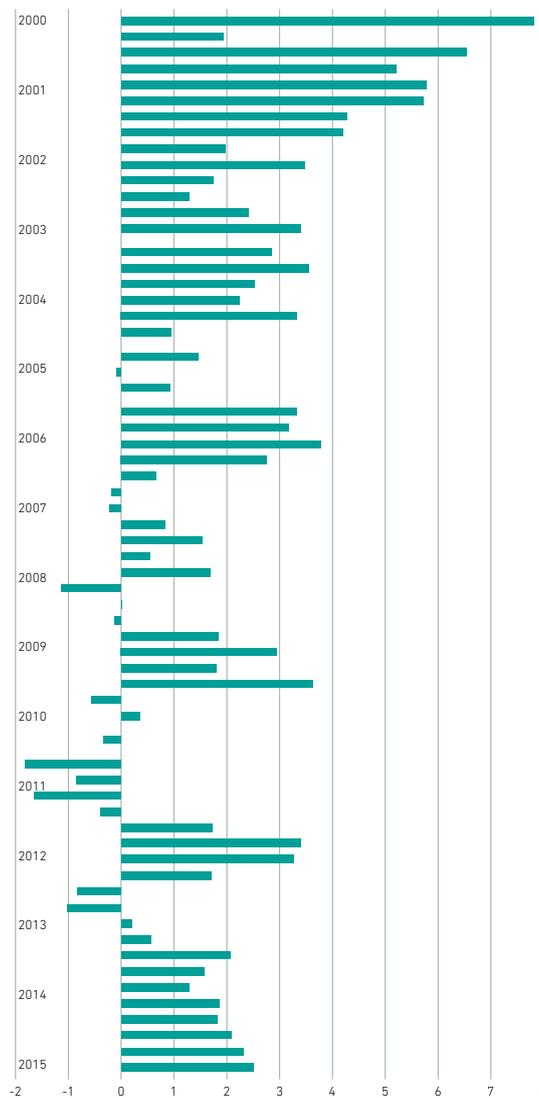
The government undoubtedly has an important role to play in boosting the supply of new homes – but fiscal constraints will limit the scope of that role. All three main political parties are committed to tight spending plans for 2015-16 and further action over the course of the next parliament to put the UK’s national debt as a share of GDP on a downward trajectory.

In decades gone by, governments have embarked on ambitious building programmes to address the supply of affordable homes especially. However, the scale of future programmes will be affected by the pressing need to control government spending. This constraint makes it a political imperative that the money the government has at its disposable is put to best use, delivering value and underpinning economic growth. For example, questions should be asked of the government’s present balance between current expenditure on housing benefits – fuelling the status quo – and capital funding for new homes.

The nation’s balance sheet is not the only limitation here. Household finances and the state of the mortgage market – while improving at pace – are key factors in determining the current sustainability of the housing market. If people are unable to raise deposits, access the right kind of mortgages and pay their rent, the market becomes stuck.

As **Exhibit 8** shows, disposable income is forecast to experience a slow recovery. Others such as the Joseph Roundtree Foundation suggest bleaker scenarios, predicting that by 2020 low income households are likely to have 15% smaller incomes than in 2008, and middle income families 3%.¹² This means that people looking to raise deposits and take out mortgages are likely to spend years longer until they move onto or up the housing ladder. The ability of people renting to match levels of rental growth is similarly constrained by these economic factors.

Exhibit 8 Growth in real household disposable income, 2000-2015



Source: Haver Analytics, CBI Forecast

Looking at mortgage lending specifically, while gross lending is picking up, it remains below its pre-crisis peak and, on a net basis, mortgage lending has been broadly flat (**Exhibit 9**). Latest lending figures suggest both the number of loans and their value to first time buyers has increased on 2013, supporting the positive trend of increasing lending. Government support for the mortgage market, in particular help to buy and funding for lending have helped to boost consumer confidence and enabled house builders to increase the number of homes they are building.

Whilst gross lending is picking up, a continued increase cannot be assumed; with a new regulatory framework bedding in and recent intervention by the Financial Policy Committee to limit high loan to income lending, lenders are likely to be cautious in their assessment of affordability. Whilst funding for mortgages will continue to be available, not every consumer can expect to be able to access finance on the terms they want and the market will not return to the peaks of 2006/7. We have to continue to innovate to ensure consumers can access the finance they need and provide more affordable routes to home ownership through schemes like shared equity and shared ownership.

Exhibit 9 Mortgage lending – a snapshot



Source: Haver Analytics, Office of National Statistics

...while efforts must be made to gear up the construction sector to meet the supply challenge

Businesses that build new homes are committed to increasing supply but their capacity to increase delivery is undermined by a shortage of skilled workers. The skilled, diverse workforce we need to deliver a step-change in supply is diminishing year on year. During the recession, 390,000 workers left the construction industry – this impact is tangible and must be addressed.¹³

The latest Royal Institute of Chartered Surveyors (RICS) Construction Market Survey reports that half of those surveyed have concerns about workforce shortages restricting building activity, and that skills shortages are increasing across key trades. A higher percentage of respondents are now reporting concerns about sourcing relevant skills than at any time since 2008.¹⁴ Although house building has helped to underpin the performance of the wider construction sector over the last year, we are now at risk of hitting the buffers due to this chronic under-supply of skills.

We need a new, young, diverse cohort of apprentices and graduates entering the mix. The sector is facing a rapidly ageing workforce, with 410,000 workers forecast to hit retirement age within the next 5 years.¹⁵ Attention must be focused on improving diversity to ensure a sustainable pipeline of talent. Currently, only 13.5% of people working in the industry are women and only 2% are from ethnic minority groups.¹⁶

The combination of demographic change, restricted land use, tight finances and capacity constraints within the sector is creating a perfect storm for the 2015 government. We need to see politicians grasping the nettle now and setting out clear plans to increase housing supply. The health of the current and future housing market is at stake if we do not take action now to secure long-term stability.



Our goal must be to double the number of new homes we build a year, building 240,000 new homes a year within a decade.



Delivering a sustainable housing market requires an ambitious and credible plan from government and business

SECTION 3

The problems with our current housing market and the future challenges set to further squeeze supply are not insurmountable and can be overcome if we take action. With an honest diagnosis of current failures and a willingness to consider big and bold ideas to get supply moving, politicians and business working together can get Britain building.

This chapter sets out the manifesto commitments that business wants to see to build the homes we need and policy priorities for government and business to develop. Over the coming months the CBI will engage with a wide range of stakeholders to explore the ideas set out below and will publish final policy recommendations later this year.

We need to **double the number of new homes being built every year within a decade**. In order to hit this target, we need the market delivering a **pipeline of land** for **well-designed new homes** to buy and rent, **financed in innovative ways** and built by a **skilled workforce**. Underpinning this development activity must be a **flexible and workable planning system** and a **simpler and competitive tax regime**.

240k

To deliver 240,000 homes a year will require a huge step-change across the entire house building supply chain.

We need to double the number of new homes built to buy and rent

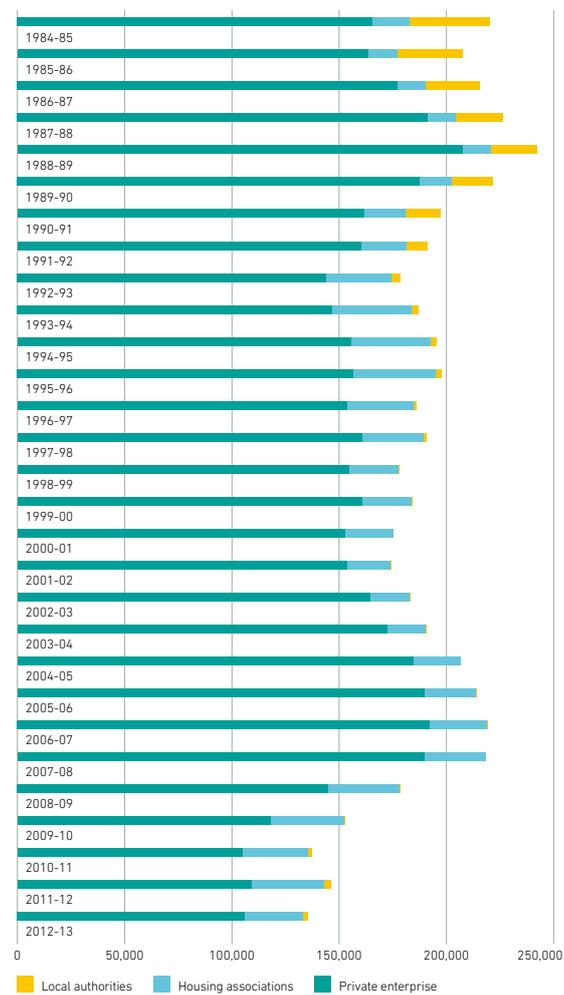
CURRENT SITUATION	ACTION
<p>We have historically failed to deliver enough new homes to meet demand – building only half the number we need per year for the last decade.</p> <p>Despite cross-party consensus on the scale of the problem, there is no common view of the solution. The house building sector does not have the long-term certainty they need to ramp up capacity.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to be building 240,000 new homes every year within a decade. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Publish delivery plan on how to meet this commitment, with cross-party consensus on long term goals, giving certainty to local authorities, investors and house builders to ramp up capacity.

Building new homes has to be a national priority. Whilst all parties are committed to increasing housing supply, our goal must be to double the number of new homes we build a year, building 240,000 new homes a year within a decade. This will be a tough goal to meet – but only this level of ambition will be sufficient to counteract the future challenges faced by the housing market.

Dramatically boosting supply should help stabilise housing costs over the long term, improving affordability and offering more choice to consumers. We need the housing market to offer a range of homes to buy and rent that reflects the needs of our communities. It will be up to local authorities to measure and ensure this choice is delivered by identifying the land supply and local incentives to meet demand.

To deliver 240,000 homes a year will require a huge step-change across the entire house building supply chain. We will need a much more diverse range of players coming forward to boost building capacity. As well as giving our large house builders and housing associations the confidence and freedom to grow, we will need a greater number of small and medium sized house builders, and self-builders, stepping up to enter the market. As shown in **Exhibit 10** very few homes have been built by local authorities since the early 1990s and further efforts to allow them to borrow to build would help.

Exhibit 10 The changing nature of housing delivery, 1984-2013



Source: Department for Communities and Local Government, Live table 209

This requires a clear and sufficient pipeline of land...

CURRENT SITUATION	ACTION
<p>Less than 10% of England is developed yet house builders of all sizes often struggle to find permissible land for development.</p> <p>We don't have a sufficient pipeline of brownfield land to build on in urban areas.</p> <p>Whilst the government has moved forward in identifying public sector land and assets for sale not enough local authority land is being made available for new homes.</p> <p>Our policies for where we build have changed little since the 1940s and are no longer fit for purpose. Many areas within the green belt are not green and pleasant fields but former industrial sites and waste land. We need to question why we are protecting these areas at the expense of meeting the needs of the people of Britain.</p> <p>We now have the green light for a new garden city at Ebbsfleet but momentum and scale of ambition for a wider programme of new town development is lacking.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ No red line commitments about land use that would tie the hands of a future government. ■ Commitment to building new towns and garden cities, with development completed or underway for ten new communities by 2025. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Reveal the true scale of land owned by taxpayers, by publishing online a wholesale inventory of public sector (central and local government) land and property assets. ■ Give local authorities greater incentive to review the extent and environmental quality of their green belts, with a focus on releasing low environmental quality land, alongside brownfield sites for new homes.

There is no clear solution to finding land to build new homes and we will need to pursue a number of options. As it is, developers are struggling to find permissible land to build on. Despite accusations that house builders' hoard land, successive government reviews that have looked into this issue have all concluded that house builders do not systematically land bank. As a fundamental part of their business model, house builders need to have sufficient land banks to ensure that they have a pipeline of land on which to build new homes. But it takes a substantial amount of time, sometimes years, to secure planning permission to build.

A key part of the problem is that whilst the NPPF requires local planning authorities to demonstrate 5 year land supply plans for new homes, a significant number of these plans when challenged at appeal have been found to be insufficient. A recent study found that a deficit in the five year supply plans was a material factor in 63 out of 103 significant planning appeals decisions since the NPPF was implemented.¹⁷

The public sector – including central and local government – owns around 40% of larger sites suitable for housing development but we don't know how much and where it is.¹⁸ The current government has made headway here; however, a missing part of the puzzle remains surplus local authority land. Bringing more land to market would release money for investment in local services and boost local economies. There are some fantastic examples of local authorities partnering and forming innovative joint ventures and funding models with housing

providers to facilitate development – and we need to see all councils take this approach.

With a growing population, only 6.8% of land currently developed and demand for urban living rising, we need to see a small proportion of low quality green belt land made available for new homes in the coming years. Green belt covers approximately 13% of England's land area, providing a buffer against urban sprawl, environmental protection and public amenities.¹⁹ For these reasons debate about development on this land is often heated. But the debate often misses the point that a significant amount of land that is currently designated green belt is in fact land that has been previously developed and therefore poor in environmental quality. There are already some 520 brownfield sites within green belt areas.²⁰

Building on some of this low quality green belt will be vital alongside a clear pipeline of public sector and brownfield sites to helping meet our housing needs. London School of Economics Professor Paul Cheshire advises that building on 32,500 hectares of green belt within the confines of Greater London would be enough to build 1.6 million new homes.²¹ To put this into perspective, it is estimated brownfield sites can only nationally support one million homes.²² This shows how critical it is that we help enable local authorities to make better use of low environmental quality green belt for well-designed new homes.

The government suggests that "there is considerable previously developed land in many green belt areas, which could be put to more productive use" and that

councils should be encouraged to best use this land.²³ Better enabling local authorities to review the extent and the environmental quality of their green belt designations must be a priority to ensure we get a large enough pipeline of land to meet demand for new homes into the future. This is not about concreting over our green spaces but making best use of the lower quality land available to build the homes we desperately need.

To support a step-change in supply, we will also need to see extensive progress made on delivering new towns and garden cities, supported by appropriate investment in new economic and social infrastructure. Savills Estate Agents highlights that even after hitting planning targets across the next five years in London, the South East and the East, we will still be short of 129,000 homes. This would therefore require the construction of 2 Ebbsfleet-sized new towns or garden cities every year to meet and exceed rising demand.²⁴

There is widespread consensus on the need for new communities, the most pressing issue to address is where these new towns should be. Over the coming months we will be discussing with businesses up and down the country where the most pressing economic need for new communities is and will set out further details later this year.



...and a flexible and workable planning system

CURRENT SITUATION	ACTION
<p>The National Planning Policy Framework (NPPF) is bedding in and businesses remain supportive of its pro-growth principles. Yet house builders still face significant barriers to delivering new homes.</p> <p>Despite the principles of the NPPF, many house builders do not encounter the promised pro-growth mentality at local level, resulting in a lack of cooperation and failure to plan strategically for housing needs across functional economic areas.</p> <p>Furthermore, delay and under-resourcing in the planning system, combined with poor efforts to communicate the benefits of development to local communities, are holding up delivery.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to retain and improve the NPPF, with a review started on day 1 of the new government on causes of planning delays and subsequent improvements to the current system. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Target and support poor performing planning departments in local authorities to enable better service and quicker decisions, with better information for the public on performance. ■ Develop a range of local financial incentives, beyond the New Homes Bonus, to drive investment in new homes and build support for developments among local communities.

The NPPF puts local authorities in the driving seat to meet the needs of local communities. However, this is also where house builders report the biggest barrier to growth. Despite widespread support for the goals of the NPPF, business leaders are concerned about the lack of a pro-growth mentality in the approach of many local authorities, manifesting in a failure to cooperate across boundaries and plan strategically across functional economic areas, and ultimately delays in the planning system.

Businesses want to see far more focus on speed and efficiency across the life-cycle of planning applications, with local planning departments better resourced to deliver a quality planning service

offering better value for money. To deliver this, we need to see local communities and councils better incentivised and rewarded for meeting their local and wider strategic house building needs and consideration given for clear targets on the time it takes to get planning permission. This means identifying and inspiring local planning departments to meet local demand for different forms of homes, including buying, renting and affordable housing such as shared ownership. But as well as incentivisation and reward, we also need to see focus on putting proper planning performance agreements in place, where they are appropriate, so all parties know exactly what is expected of them.



Access to finance is still a major barrier for small and medium sized house builders looking to build new homes.

We should look to new incentives that go beyond the New Homes Bonus. While it is right to retain a form of financial incentive, it must be delivered in a way where the benefits are felt strongly by the communities driving the development. This could be achieved, for example, by giving communities a greater say in how any financial incentives are invested, or through direct compensation for existing home owners whose property values may be negatively affected by new development. Closely connected to this will be the need to consider the effectiveness of Section 106 and the Community Infrastructure Levy – this report calls for a wholesale look at residential land and property taxes, including these two taxes.

Local government and businesses delivering new homes need to get better at advocating the benefit of housing developments to local communities. The CBI recently published *Building Trust: Making the Public Case for Infrastructure*, which highlighted that too often the way government and industry ‘sell’ major construction projects does not resonate with the wider public.²⁵ More emphasis needs to be put on how local communities, families and individuals near potential new housing developments can benefit from the investment in new homes and the infrastructure that comes with them. Such an approach will ultimately help the planning system work more effectively.

These new homes should be financed in innovative ways...

CURRENT SITUATION	ACTION
<p>Access to finance is still a major barrier for small and medium sized house builders looking to build new homes.</p> <p>With constrained spending plans set to carry over into the next parliament, there is little room for the government to manoeuvre on direct investment in the short term. The focus of current government spend on housing is through welfare payments, with over £24bn spent on housing benefits, compared to just under £6.5bn on capital investment in housing stock.</p> <p>There is plenty of private finance available for new homes but not enough is being done to attract investors. While progress has been made on encouraging institutional investors to channel funds into build-to-rent schemes, the scale of that investment needs to be increased drastically to meet demand.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to the future role of the British Business Bank in supporting SMEs, including house builders, to grow by bringing all schemes under one roof. ■ Commitment to retaining current private rented sector policy and regulatory environment to drive further investment at scale in the sector. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Spend more on capital support for new homes by increasing the affordable housing budget and less on housing benefit, with less red tape and more innovation to deliver better value for money. ■ Supporting small and medium sized house builders in accessing alternative sources of finance. For example, greater use of retail bonds for housing with local people – including local authorities – investing or government guarantees for lending to small and medium sized house builders to help them get building.



Last year, over £24bn was spent on housing benefit in total, while just under £6.5bn was used for capital investment in new housing stock.

Delivering a step-change in supply in a world of fiscal and financial constraints will require a focus on unlocking new forms of finance – both public and private – while using the options already available much more effectively.

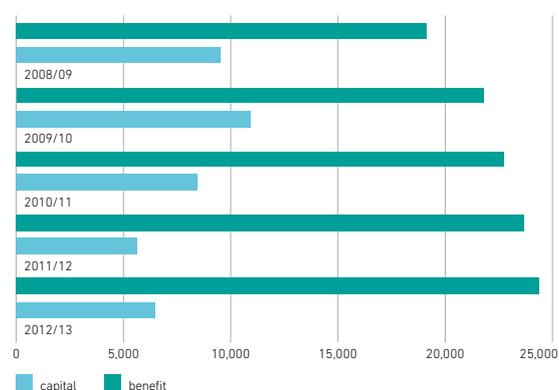
Access to finance is a key barrier for small and medium sized firms wanting to develop new homes. Businesses are increasingly exploring alternative sources of finance to support their growth and this is being matched by new and exciting developments in alternative finance provision, for example, the recent crop of crowdfunding projects aimed at housing development.²⁶ Alongside wider efforts to diversify the supply of finance available to growing businesses, bringing government business advice and support under the roof of the British Business Bank would help ensure small and medium sized house builders can navigate and access government schemes.²⁷

We also need to maintain momentum on attracting finance at scale into new homes for private rent. The CBI's recent report, *Solid Foundations: Attracting Institutional Investment to Homes Built for Rent*, sets out the need to respond to increasing levels of consumer demand for quality private rented sector housing by bringing in institutional investment.²⁸ CBI members identified barriers to progress as a lack of understanding by local authorities of the benefits of institutionally backed build to rent schemes, concern over the adequacy of yields on an investment in the private rented sector, and the capacity to provide scale that will be enticing enough for investors. Addressing these concerns should help scale up investment and boost momentum in the market.

In the longer term, how best to use public money to help meet public demand for affordable housing must be at the forefront of reform. **Exhibit 11** shows the upward trend in levels of housing benefit paid out in recent years, compared to increasingly low levels of capital investment in boosting the housing stock. In 2013, over £24bn was spent on housing benefit in total, while just under £6.5bn was used for capital development.

Rising government spending on housing benefits is symptomatic of a housing market unaffordable for many people; however, such spending will not help to address the underlying cause. A new government in 2015 should shift towards capital spending on new housing stock. Government should focus a critical eye on how to make this investment work best and reduce costs to the public purse where possible, encouraging deferred payments on land, as well as equity stakes and guarantees alongside capital subsidies. As the missing piece of the puzzle, we also need to see housing associations the freedom to build more through deregulation of the sector. The National Housing Federation has estimated that by 2033 housing associations could be building 2.5m more units if regulations were relaxed to allow easier acquisition of land and finance to support new development.²⁹

Exhibit 11 Current spend on housing benefit and capital spend on housing and community amenities compared, 2008-09 to 2012-13



Source: Autumn Statement 2013 & HM Treasury, Public Expenditure Statistical Analysis

...with investment underpinned by a simpler and competitive tax regime

CURRENT SITUATION	ACTION
<p>The UK land and residential property tax regime is overly complex, with Stamp Duty Land Tax especially acting to reduce market liquidity through its distortive banding.</p> <p>Furthermore, there is a range of direct and indirect taxes which interact and can distort the housing market. Planning gain taxes, section 106 payments and the Community Infrastructure Levy, while sometimes workable, can add unpredictable costs to developments and, in the worst cases, impact scheme viability.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Politicians should commit, when fiscal conditions are right, to reforming the tax into a more progressive system, to progressive reform of Stamp Duty Land Tax, where buyers entering a new SDLT threshold would only pay the higher rate on the portion of the property that falls within the higher bracket. This reform should be undertaken in the next parliament when the public finances allow. <p>Potential action by new government to achieve this</p> <ul style="list-style-type: none"> ■ Review residential property and land tax regime to better understand the interaction between taxes and the impact on investment. ■ As part of this review explore scope for incentives in the tax system, or other fiscal incentives, which could be developed to help people looking to downsize their property and for families extending their homes to look after elderly relatives.

The UK needs a land and residential property tax system that supports development and complements sustainable levels of demand from consumers in the housing market.

Top priority must be addressing the distortive nature of the Stamp Duty Land Tax (SDLT) thresholds. At present, the thresholds dampen liquidity in the markets by acting as a disincentive for people looking to buy a first home or trade up. The slab structure distorts house prices, meaning buyers pay substantially more when property prices appreciate into the higher bands. For example, a house worth £499,999 is subject to 3% SDLT, resulting in a tax liability of just under £15,000; however a house just £1 more expensive at £500,000 is subject to 4% SDLT and a tax liability of £20,000.

Rising house prices mean that more and more people who would have either not paid at all, or paid at a lower threshold, have been brought into higher Stamp

Duty brackets. This has led to almost record high Stamp Duty receipts, 42% of which have been from transactions in London alone.³⁰ The cliff edge nature of the thresholds not only acts to discourage house buying, but also means that current thresholds have become disjointed from prices, putting up regional barriers which will block workforce mobility, a major factor which underpins our competitiveness.

In addition, academic evidence suggests that moving from a slab to a progressive structure, resulting in a 1% reduction in the effective rate of SDLT, would result in a 12% increase in housing transactions. This represents 163,000 additional housing transactions and £1.5 billion in additional economic activity.³¹ It is clear then that there is a growing economic and social case for why reform of Stamp Duty is critical. But, it is also clear that sound public finances are also essential.



Housing stock has a huge impact on the environment, accounting globally for 30-40% of energy use and a third of Co₂ emissions.

CBI analysis shows that reform of SDLT which reduced its thresholds could lead to a dynamic cost of £2.9 billion a year, following exclusion of the economic benefits we noted earlier which add up to £1.5 billion. Because of this cost, the new government should therefore wait until we have achieved a budget surplus before implementing reform. In the interim, the focus needs to be on planning how we move to a more progressive system, where buyers entering a new SDLT threshold only pay the higher rate on the portion of the property that falls within the higher bracket. This would help end its distortive impact, lowering emerging regional divergences and sustaining workforce mobility. Over the longer term we would like to see exploration of how Stamp Duty reform could help embed energy efficiency into the housing market in a fiscally neutral way.

In the longer term, the UK's broader land and residential property tax regime must be reviewed. It is imperative that the interaction between the UK's suite of taxes impacting on the housing market – including council tax, inheritance tax, capital gains tax, VAT and planning taxes, such as Section 106 agreements and the Community Infrastructure Levy – is better understood and overall complexity and elements which are blocking supply are minimised. We need a system that is more transparent, economically efficient and encourages liquidity in the market.

Furthermore, with an ageing population, we should be looking at whether there is scope for incentives in the tax system, or other fiscal incentives, which could be developed to help overcome this pressing social challenge. For example, incentives to increase the development of high quality retirement homes or discounts on council tax for older people moving to smaller homes.

The homes should be well-designed...

CURRENT SITUATION	ACTION
<p>Housing stock has a huge impact on the environment, accounting globally for 30-40% of energy use and a third of CO₂ emissions. The government has recognised this in its zero-carbon homes objective and a recent decision to incorporate emissions standards into building regulations has been welcome.</p> <p>While homes are getting greener, they are feeling increasingly constrained by space. Floor space in new homes in the UK is below the European average and consumers are increasingly savvy about use of space and design quality in new homes.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to continue to push ahead with our zero carbon homes ambitions, ensuring that house builders have the clear policy signalling they need to deliver homes that can help reduce carbon emissions, lower energy costs and grow the green economy. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Support high quality new housing developments through up-to-date government guidance. ■ Improve consumer information by introducing better information on the quality of new homes, this should enable consumers to compare the performance of different homes and increase demand for high quality design.

We do not simply need to double the number of homes we build – these homes must be built in a sustainable way. The case for greener, more energy efficient housing stock is clear: reducing CO₂ emissions, reducing energy usage to lower bills, shoring up our energy security and supporting jobs in the green economy are critical objectives. The government’s objective to deliver zero carbon homes by 2016 is already underway and is broadly supported by business.

It is essential that this is pursued in a way that gives house builders and their supply chains the certainty they need to meet supply and environmental obligations, whilst avoiding regulatory complexity and cost. Government can help the UK supply chain and design community unlock massive opportunities for growth and innovation in this area, helping cement the UK’s leading edge on low carbon design.

Equally important is building the quality of homes to meet demand. Quantity and quality must go hand in hand. Space, or lack thereof, is often at the centre of debate on the quality of new housing stock. Research has shown that the average floor space of new build homes is almost ten square metres less than the floor space in the average UK home. At 76 square metres, it is one of the lowest in Europe.³² The recent

consultation on the Housing Standards Review sets out a sensible way forward with better space labelling and more information on space for house buyers. Although considering space is a good starting point, working with industry to establish other housing based key performance indicators to help boost consumer awareness could also prove useful in the future.

We also need to see a continued focus on industry led collaborative approaches between the design and construction community. This should take into account not just design quality of the home itself, but the surrounding built environment and how it can be intelligently shaped to support the local community. This could see projects utilising innovative design and use of space to include green space, room for communal activities and amenities.

In addition, considering the design of the construction process itself will be important. Encouraging off-site manufacturing techniques and modular approaches to housing, for example, can help to speed up delivery of new and innovatively designed homes.

...and built by a skilled and diverse workforce

CURRENT SITUATION	ACTION
<p>The construction sector has long harboured concerns about access to the skilled workforce it needs to grow and compete. The recession saw a significant hollowing out of the construction workforce and we risk losing skills and experience as a large portion of the workforce nears retirement age.</p> <p>Businesses fear that the pipeline of diverse and able apprentices and STEM qualified graduates to support a sustained increase in housing supply is not currently in place.</p>	<p>In manifestos</p> <ul style="list-style-type: none"> ■ Commitment to driving up female participation in STEM subjects. <p>Priority areas for action by the new government</p> <ul style="list-style-type: none"> ■ Work with industry to support retraining of our construction workforce to help retain talent and experience, including allowing use of UK Commission for Employment and Skills funding to help firms retrain workers in STEM-related areas. ■ Reduce fees on some STEM courses to help drive uptake among undergraduates and apprentices.

We cannot deliver a shift in supply levels without a skilled and diverse workforce to underpin this ambition. The construction sector must be able to scale up to meet demand but there are serious concerns that skills shortages could stop this from happening. The CITB has forecast a deficit of bricklayers, plasterers and decorators for the period 2013-17 – skilled trades all necessary to support a renewed house building push.³³

Part of the solution will involve upskilling current workers and working to retrain and get back into work some of the 390,000 workers who left the construction sector during the recession. However, the longer term focus must be on replacing the large number of workers at or nearing retirement age. Boosting apprenticeship numbers in the construction sector is essential to providing a pipeline of talented and skilled workers for firms, while attracting a more diverse range of school leavers – especially women and ethnic minorities – into the sector and STEM-related subjects will ultimately help to keep the pipeline sustainable.

GET INVOLVED IN THE DEBATE

Our housing market faces huge challenges now and in the future – to the extent that we can no longer accept the status quo. We need big, bold policy solutions to unlock supply, support sustainable demand and deliver a market that works for both society and business. The CBI will be working with its members and other stakeholders over the coming months to refine and prioritise the policy ideas set out in this report. We would be delighted to hear from businesses and other organisations that wish to contribute to this debate.

Please contact Joseph Harley, joseph.harley@cbi.org.uk, for more information about how to get involved.

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