

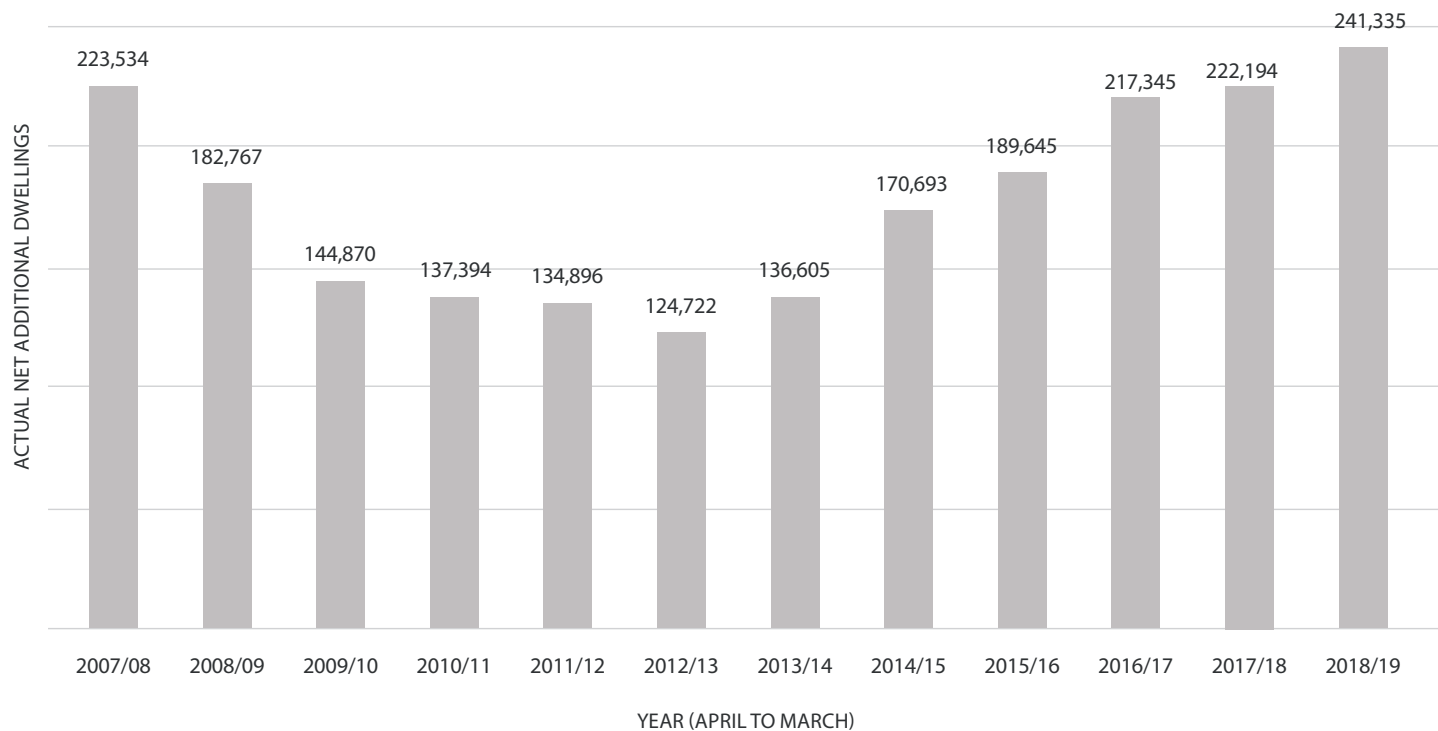
THE IMPORTANCE OF HOUSING AS PART OF THE EXIT PLAN

When in the depths of a crisis such as this it is often a challenge to look much beyond the immediate. This virus is impacting so many people so savagely, and at such a fast pace, the 'emergency mode' we are all in is going to be with us for some time yet – only a month ago the UK GDP hit was estimated at 2-3%, and yet has now reached 5%. We are however, starting to hear calls for a view of our exit strategy and how we can emerge from this in such a way as to minimise its long-term impact on every aspect of our lives.

This is, front and centre, a health crisis, but throughout the weeks of lockdown so far, the importance and role our homes play in our ability to cope and manage this situation has become more and more apparent. Housing – its quality, availability and given the threat here, affordability - plays a fundamental part in the health of every single one of us, and as such has a hugely important role to play in our recovery. With any downturn in the economy or our ability to deliver development, every type of housing – affordable, cross-generational, rental, specialist – is impacted, both in the short and potentially the long term, and prior to this we were already in a housing crisis.

Understanding to what extent this may occur and therefore what degree of action may be required in response – from the Government and the industry – is essential, if we are to minimise this impact and protect the UK from a worsening housing crisis. In terms of market and economic challenge, the 2008 recession is the closest, most recent similar situation for us to draw upon and in the graph below, we have charted the impact it had on recorded housing completions. Yes, it did emerge from a very different chain of events, and was an economic not health driven crisis, but are there any lessons we can learn from what happened then to inform an exit strategy for the industry this time?

ANNUALLY PUBLISHED HOUSING COMPLETIONS, FOLLOWING THE 2008 RECESSION



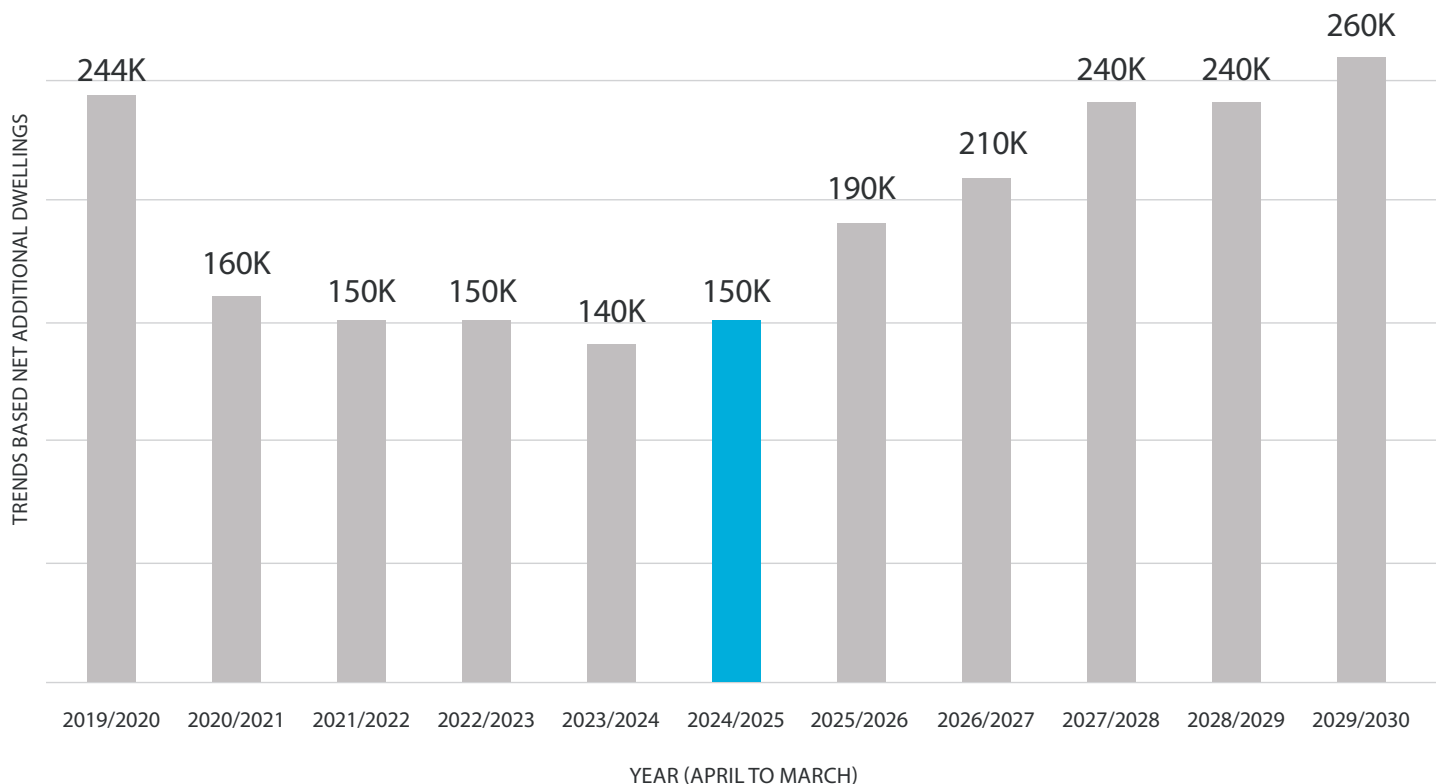
There are many factors that will dictate the pace and scale of recovery we can expect once lockdown ends, but even the most simplistic application of housing delivery recovery rates following the 2008 recession low, tells a stark story.

In 2018-19 (the last year of complete data we have access to), completions hit a high of 240,000 homes, after ten years of measures to get the market back up and running. COVID-19 hit in late March, so we

have assumed a similar rate was possible for 2019-20 (we won't know the true figure until November 2020). But with majority of construction sites closed and the industry furloughing so many key practitioners across the industry, 2020-21 will result in a sizeable slow down.

As a benchmark, we have applied the 2008 recession percentage fall and recovery pattern from this point to the figures above, to see how this could play out.

PROJECTED NATIONAL NET ADDITIONS TO STOCK BASED ON 2008 RECOVERY RATE



Most significantly, if recovery of completions does follow this curve it would result in an all-time low in completions by 2024/25 (some 150,000 homes behind the 300,000 target) – the end of this current parliamentary term and therefore a critical juncture for this Government.

Whilst quite simplistic, this analysis does present us with food for thought around the sheer scale of impact this situation could result in, while also bringing into sharp relief, the importance of both the industry's and the Government's response for exit.

SO WHAT CAN BE DONE?

The 300,000 homes target has always been an ambitious one, but one we should look to achieve given the scale of the housing crisis.



MARK SITCH
JOINT SENIOR PARTNER
BARTON WILLMORE
E: MARK.SITCH@
BARTONWILLMORE.CO.UK

This all points to the need for significant planning policy, akin to the 2012 NPPF, following the last recession. Even if temporary, supporting measures are needed by Government to respond to this, to deliver the housing and economic growth needed across the Country. **For example, the reinforcement of the presumption in favour of sustainable development** and the rebalancing of the weight being given to benefits versus harm. These policy changes should also be set alongside measures to **improve the financial support for local authority planning departments**, including the ring fencing of pre-app and application fees to support their resourcing for decision and Plan making functions. **The Standard Methodology** has been in place since 2019 to establish the housing numbers across every local authority area, but in its current form cannot get us to the heady heights 300,000 new homes. Prior to this situation, a review was proposed for this summer, which would consider revisions and potentially more spatial context. This must be a priority area as we exit.



CHRISTOPHER YOUNG
QC
NOS BARRISTERS'
CHAMBERS
E: CY@NOS.COM

A recent inspectors decision suggests the effect of Covid19 would be a blip. But it is fairly obvious that will not be the case, and there are going to be some very serious implications for housebuilding and addressing housing need. This very interesting evidence from Barton Willmore shows what we are facing if this is a repeat of 2008. We were already in a terrible housing crisis before Covid 19 struck. And now it is only going to get worse. Major initiatives from the Government are required in response. **Help to Buy should plainly be extended.** And this is a perfect opportunity for the Government to assist housing delivery, by **funding a whole new wave of infrastructure proposals** of all scales to allow large sites to progress. Now is also the time to **make major and long overdue changes to the National Planning Policy Framework** to show a commitment to addressing the housing crisis and boosting housing delivery. Two main things are needed here: (1) Government must finally **abandon the hopeless household projections** (which perpetuate the constant decline in household formation ratios) and replace them with **ambitious regional housing targets**. That might sound bold, but the Government have this week taken the first step towards that with the appointment of a new Minister for Regional Growth; and (2) Government should insist that **all local authorities meet their housing needs** in full, unless they can persuade a neighbouring authority to take some of that need.



JAMES DONAGH
DEVELOPMENT
ECONOMICS DIRECTOR
BARTON WILLMORE
E: JAMES.DONAGH@
BARTONWILLMORE.CO.UK

An extension to Help to Buy (HtB) has been called for by the housebuilders, which we support, but this only tackles one area of the market. What about a HtB scheme **which looks to support all first-time buyers and even downsizers perhaps?** A significant proportion of homes purchased by first time buyers are not new, and both these additions would stimulate a wider element of the housing market. **Clear criteria is needed**, but with work and a reduced potential market of people capable of buying given the economic challenge we're all facing, this could be a well-directed response.

#letsfindaway