GOVERNMENT COULD MISS HOUSING TARGET BY 85,000 HOMES WITH COMPLETIONS DOWN ON RECESSION LEVELS
-HOUSING GAP AS BIG AS BOURNEMOUTH LOOMS-

Forecast housing delivery figures of less than 100,000 in 2012 mean that the Government could miss its targets by 85,000 homes with 2012 completions possibly beneath the levels seen in the recession, according to new research by industry experts.

In May 2012, the Government highlighted that 232,000 new households are forming in England each year, but this new research has revealed that local authorities in England have now reduced their housing targets to around 160,000 per annum, a reduction of 13% from the Regional Spatial Strategies (RSS) housing target set for England. This equated to around 185,000 new homes per year, revealing a large discrepancy between the three figures of over 70,000 homes.

The findings come from the third annual Housing the Nation report, which is put together by a group of property experts led by public and community affairs consultants Tristan Fitzgerald Associates (TFA) and BNP Paribas Real Estate, the leading property adviser, and looks at the challenge of delivering housing as well as putting forwards recommendations to the Government on how to improve delivery. Other experts who gave input to the report included: Liz Peace, Chief Executive of the British Property Federation; Ian Baker, MD of Linden Homes; Peter Truscott, Divisional Chairman at Taylor Wimpey; Pete Redfern, Group Chief Executive of Taylor Wimpey and Steve Morgan, Chairman of Redrow Homes.

The research also revealed that only 110,000 new homes were actually completed in England in 2011, whilst current new home completions in Q1 2012 are 18% lower than Q1 2011. This could lead to annual completions in 2012 falling below 100,000 for the first time since the height of the recession in 2009.
Tim Cann, head of residential at BNP Paribas Real Estate said: “With more than 1,800,000 households on council waiting lists for new homes, the third Housing the Nation report revealed that the Government is again on track to miss its targets, by a worryingly large number. To put this into perspective, losing 85,000 homes is like losing a town the size of Bournemouth. As the UK continues to lack the new housing it requires, effective changes need to be made in order to accommodate those still waiting for affordable housing.”

Last year’s survey found that half of England’s local authorities confirmed their housing target as being the same as that set out in the RSS, following the abolition of Government set targets in line with the Localism Bill. Within the other half, 14% confirmed a change and 37% were in stasis, not yet confirming targets. The majority (90%) of those in stasis indicated that they intended to change their figures - those that did make changes, on average, cut targets by 20.6%.

Applying this to those authorities yet to confirm a change, it was estimated that a total of 31,400 houses would be lost across England. This assumption has now been vindicated, as nearly three quarters of the 37% in stasis have now set targets, which on average equates to a cut of 19.5%, or a loss of 20,100 houses from these authorities alone.

Of those remaining, 10% are still yet to set a target, while a further 8% have rejected the previous targets set in 2011. If they should follow the trend and introduce cuts of 19.5%, a further 3,300 houses could be lost this year.

Relative to the RSS figures, the North East is now estimated to have marginally increased its targets, showing a 1.4% increase. However, all other English regions show a loss. Proportionally, the greatest loss is in the Midlands, where targets have been cut by 21.5%. In absolute numbers, the highest cut has been in the South East, with a reduction of nearly 10,000 houses per year.

Dan Angell, account director at Tristan Fitzgerald Associates, added: “Although the UK economy continues to struggle, the Government cannot afford to be complacent when it comes to the creation of new homes. In order to keep the housing market alive, the Government needs to introduce swift changes which will ensure that current housing targets are not only met, but that they are not further reduced.’
The experts' recommendations which will be delivered to the Government are:

1. Release green belt land in the constricted South East and pump prime development in the North
2. Publicise league tables on housing targets and delivery by Local Authorities with penalisation for those falling below
3. Public and private sector initiatives needed to tackle restrictive mortgage conditions
4. Plan makers and developers to be more creative in the way they engage with communities and young people to outweigh the anti-development groups within these local communities
5. CIL money raised to be spent quickly and visibly on community facilities to secure community buy-in to new development in their areas
6. Planning application fees should be increased but on the provision that the quality and speed of service is made better in return
7. Create special ‘development projects team’ within the Government to prevent major schemes being stalled by burdensome local demands

Cann concludes: ‘Our recommendations for the Government aim to support housing development quickly as there is clearly a continued need for quality housing and economic growth.”

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