SOUTH EAST SUFFERS BIGGEST LOSS OF UK HOUSING, AS TARGETS ARE CUT BY 13.6% - A LOSS OF 7,000 NEW HOMES

-Government could miss overall housing target by 51,000 new homes-

New research has revealed that local authorities in the South East have now reduced their housing targets by 13.6%, a reduction of 7,000 homes compared to the original Regional Spatial Strategies (RSS) housing target set for the region. This means that the South East is facing the highest cut of new housing anywhere in England, according to new research by industry experts.

The region also has the highest number of local authorities which have never set a target (9%), meaning that it has the least control over housing development within England.

The findings come from the fourth annual Housing the Nation report, which is put together by a group of property experts led by BNP Paribas Real Estate, the leading property adviser, and Local Dialogue, a leading stakeholder engagement consultancy. The report looks at the challenge of delivering housing and puts forward recommendations to the Government on how to improve delivery. Other experts who gave input to the report included: Andrew Cunningham, Chief Executive at Grainger Plc, Harry Downes, Managing Director of FizzyLiving, John Howell MP for Henley and Lucy Thornycroft, Head of Construction at the Confederation of British Industry (CBI).

Across England, local authorities have now reduced their overall new housing targets to around 170,000 per year, a reduction of 7% from the original RSS, which equated to around 185,000 new homes per year.

In April 2013, the Department for Communities and Local Government (DCLG) produced new forecasts for household formation, downgrading their previous forecasts. Nonetheless, they expect an average of 221,000 new households will form in England each year over the next decade. This reflects a loss of 51,000 new homes, similar to a town the size of Eastleigh, if only 170,000 are completed this year. However, in 2012, only 115,000 new homes were actually completed in England, while completions in Q1 2013 were 23% lower than Q1 2012.

BNP Paribas Real Estate’s senior director of residential development consulting (regions), Tim Cann, commented: “Following the abolition of Government set targets in line with the Localism Bill, local authorities are now able to set their own regional targets. However, these targets have been consistently missed and the country’s housing gap remains a major issue.”
The 2013 survey shows that, relative to the RSS targets, just under a quarter of authorities have maintained the same figure for housing delivery. With the deadline for adopting a new plan having expired in March, 5% have still not set a target and may now face losing control over development in their area. Positively, just over a quarter (28%) have increased targets but, worryingly, the largest proportion of 43% has opted to cut targets relative to their original RSS figures.

Commenting on the results, BNP Paribas Real Estate’s head of research, Claire Higgins, said: “A more positive outcome than our previous surveys showed that those authorities that made changes this year, either up or down, on average increased targets by 6%. Of those cutting targets, the average reduction was -26%, but this was outweighed by those who increased their target by an average of 33%.”

“Nonetheless, across England relative to the original RSS targets, of those that have confirmed targets in 2013, the current figure is 7% below the RSS target. Applying this across the remaining undecided authorities, we estimate an overall loss of over 12,000 houses per annum from English targets,” added Higgins.

Positively, two regions are now estimated to have marginally increased targets, relative to the RSS figures, with the North East showing a 8.8% increase, equating to 2,773 new homes, and the North West showing a 2.4% increase, equating to 801 new homes.

However, all other English regions show a loss. In the Midlands, targets have been cut by 13.7%, equating to a reduction of 5,293 new homes.

BNP Paribas Real Estate’s national head of residential consulting, Adrian Owen, concluded: “With more than 233,000 households currently waiting for social housing in the South East, the fourth Housing the Nation report revealed that the Government is again on track to miss its targets, by a worryingly large number. A shortfall of 51,000 new homes has to be the tip of the iceberg – this is like losing a town of a similar size to Eastleigh, Hampshire. As local authorities persevere with setting their own targets, they continue to downgrade levels of completions, which is a major issue as the UK lacks the new housing it requires”.

The experts’ recommendations which will be delivered to the Government are:

1. Don't take a one size fits all approach - look at the local demographics and be flexible with approaches based on that.
2. The Private Rented Sector (PRS) is not the answer for all markets – the focus should be on encouraging this in our urban centres or where demand is appropriate.
3. Look at changes/relaxation to Affordable Housing/S106, CIL, SDLT and planning regulations specific to PRS to bring forward more viable schemes to provide much needed housing.
4. Relax the planning regulations on Greenfield sites, particularly those on town boundaries - we say this every year but it is yet to actually happen.

5. Release more land from the public sector and potentially look at reclaiming/CPO of land-bankers.

6. It is encouraging to see the Government putting pressure on local authorities to implement the pro-development principles of the NPPF, but it should consider taking away the planning powers from locally elected members altogether.

7. Targets are still too small in comparison to demand. The Government needs to put in place an obligation that if targets are hit ahead of time, the next phase of development and subsequent targets must be brought forwards.

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