

# RESI Convention 2020



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## Introduction

Thanks, Mark.

It's good to be with you all. Despite the new national covid measures under which we're all living and preventing us from meeting in person today, and I hope we can do again next year, our mission remains the same – to build the homes the country needs – and that work continues despite all the other pressures on government.

I was resolute that the property market needed to be kept open at this difficult time – and it has been offered unique protections, being better supported than almost any other sector of the economy.

I hope you will see that at all levels of government, there is a recognition that building is one of the most important things we can possibly be doing. To create and sustain jobs, to make housing more affordable for the young and those on lower incomes and to level up by encouraging investment in those parts of the country which have seen too little of it in recent decades and ensuring good quality, safe, and attractive homes are available to all in the United Kingdom.

We recognise that the market needs to be considered as a complete ecosystem – covering construction, tradespeople – and in the residential property world, estate agents, removal companies, and solicitors.

People renting and buying can still move. Removal firms and estate agents and lettings agents can still operate. Tradespeople like plumbers and electricians can still enter homes. And, crucially, construction can and should continue.

Because we know that your industry is an engine of growth – and both the backbone and the beating heart of our economy.

We have tried everything we can to keep the sector going. Recent industry trends have highlighted just how resilient the sector has proved in recent months.

The latest data from the taxman shows that in September, 84,480 homes sales were completed in England.

This represents an increase of 1.1% when compared to same month in 2019. Month-on-month, house sales are up by 16%, representing a considerable bounce back in transactions compared to more modest improvements last month.

The home sales pipeline is now 50% bigger than this time last year, with 140,000 more buyers rushing to beat the Chancellor's stamp duty holiday deadline. And a robust housing market is fuelling a September rebound of the construction sector too. The purchasing managers' index for construction rose to 56.8 in September. This is the fourth consecutive reading above 50, which indicates the majority of businesses have reported improving activity.

But although we are building more homes and mortgage applications in the UK have surged to a 12-month high, we will continue to work with the sector to develop more products for first time buyers.

City centres / high streets

Commentators have been saying for years that we are living through a generational shift in the way we conceive of the interrelations between work, society and our surroundings.

They point to the changing landscape of town and city centres and high streets – the proliferation of boarded up buildings, the memories of old stores that struggled to compete with their online counterparts – and point to a profound rebalancing in the economy, and across society more generally.

The narrative is one of a world that has gone digital, leaving communities behind. It's an argument that has been repackaged time and time again, that those market forces that we've been living through are now accelerating at break neck speed. Zoom and Microsoft Teams have moved the goalposts,

meaning that after this is all over, many will never go back to life as normal, and will continue to work remotely.

And data suggests that as the line blurs between home and workspace, our expectations of what we want from our homes also changes.

A recent report from RightMove said that homebuyers are escaping cities, with searches for homes in small towns and villages doubling, with people looking for more space for their home during the lockdown.

It's too early to say with real confidence how much change we'll see in the years ahead. Many people undoubtedly want to go back to work, and productivity, creativity, and moments of inspiration are easier to come by when people are brought together. Hundreds of years of urbanisation are unlikely to be unwound so quickly, people enjoy living in cities and towns where they can enjoy the wonderful hospitality, leisure and culture that we have in many great cities and towns.

This is particularly true for younger people – who when working from home are less able to benefit from training and mentoring opportunities that arise from office spaces, and who bear the brunt of the inequality of the situation, many working at the end of their bed in a cramped studio apartment or house-share.

There are clear advantages of working from home – I've enjoyed seeing the range of virtual backgrounds people choose on their work calls, and working from home of course means more time with my family.

But at the office, there is no risk of my 3 daughters and our puppy running into the room knocking over the laptop.

There are changes that we are all aware of – rapid technological leaps that are reforming and disrupting industries and supply chains, and high streets are transforming to meet that challenge.

Their ongoing transformation has the potential to be as significant as any change since the Second World War, or even

since the motor car led to the widespread reconfiguration of modern urban spaces.

It is a challenge that requires real depth of imagination and vision to ensure the health and prosperity of communities.

We are working towards more repurposing of space for mixed use but we want that to be done sensitively, avoiding the mistakes previous generations have made, avoiding the casual loss of buildings and heritage and ensuring no new dislocated communities are created.

We are doing this through further investment in our high streets and town centres, through our £3.6 billion Towns Fund.

We've already brought forward a lot of investment since our pandemic, through our Getting Building Fund which has committed £900 million to 'shovel ready' projects in this financial year – bringing with it much needed investment and jobs as they try to adapt and evolve to new circumstances.

At the start of the pandemic I recognised the importance of these questions would pose and started to talk about placemaking and identity. It became a focus of the planning reforms we brought forward.

In particular, I wanted to provide high streets with the flexibility they need to adapt to these modern realities, giving property owners the ability to plan for the future, and reflecting the desire for more flexible working space and outdoor areas.

By the summer, we had already reformed the Use Class Order, making it easier for property owners to adapt and evolve their businesses.

The pandemic has highlighted that these freedoms – important as they are – also need to be tempered by protections, to make sure that people can truly benefit from the changes, which is why I announced last month that homes delivered through Permitted Development Rights must meet national space standards.

New planning laws that offer the flexibility to deliver new mixed use properties and this will be a critical element in meeting the Prime Minister's central objective of building 1 million homes over the course of this parliament.

## Housing delivery

When it comes to house-building – with your help, we were making excellent progress before the pandemic. Last year we built more new homes than at any time in the last 31 years, taking the total delivered since 2010 to 1.5 million homes. The proportion of young homeowners increased after declining for more than a decade.

I want us to be a country that builds, that sees previous years as the starting point which we can exceed. I take heart that through the pandemic, the market has proven more resilient and robust than many would have predicted, and we in government have tried to support this: extending construction working hours, cutting stamp duty at the beginning of summer, and bringing forward a £400 million brownfield fund to get building in our core cities and urban areas not simply on greenfield sites and rural areas.

Following the announcement of the new £12.2 billion Affordable Homes Programme at Budget, the biggest investment in affordable housing in a decade, last month Homes England launched their prospectus for bids.

This aims to deliver up to 180,000 affordable homes over 5 years across the country, and will ensure more of those homes are built outside of London and the South East than its predecessor pushing investment into the Midlands and the North that has seen too little of it in recent decades.

And around half of homes will be for ownership, with the vast majority of these available through a new, more accessible model of Shared Ownership.

Much-needed changes that will help bridge the gap between renting and home ownership.

This will also be the first programme following the introduction

of the Right to Shared Ownership – our new scheme which will give most housing association tenants the opportunity to buy a stake in their home using the new model for Shared Ownership, should their personal circumstances allow. Being a social tenant is the first rung on the ladder to ownership should someone want to take those steps.

But there's a lot of uncertainty over what lies ahead – over what happens next with the virus, despite the recent good news with respect to the vaccine and mass testing in Liverpool, and the recovery of the economy.

But I am resolute that construction and the housing market will continue to be a central pillar of our economy and great supporter of jobs. There's no other part of the economy which contributes to creating and sustaining jobs and every economic recovery in my lifetime has seen housebuilding and construction as a central element to that recovery plans. We will keep building and build back better – delivering the homes people need, and ensuring those who dream of owning a home of their own are able to do so.

## Planning reform

With this in mind, the Prime Minister and I have set out a new vision for radical reform, starting with our planning system which, for decades, has failed to deliver the homes we need.

The planning system has its flaws it's a system that doesn't deliver enough homes, it doesn't deliver them fast enough and doesn't allow us to develop a competitive housing market to ensure smaller businesses can prosper and the houses being built, for many people, are of insufficient quality and not sufficiently beautiful nor sustainable.

Local building plans were supposed to help. Yet they take on average 7 years to agree in the form of lengthy and absurdly complex documents and accompanying policies.

It takes an average of 5 years for a substantial housing development to go through the planning system before a spade is even in the ground. That is too long and putting too many broader objectives at a society are being put at risk. The

proposals we set out is for a more faster, transparent, predictable approach and moving the planning system to a more interactive and digital one rooted in the 21st century.

Centred on good design and place-making and a more harmonious relationship between the built and natural environments.

### Developer contributions

We're saying that those who build these homes and those who benefit from building them to contribute more to the infrastructure around the homes being built.

Our proposed Infrastructure Levy will simplify the system through a nationally-set, value-based flat rate charge, making it more streamlined and transparent – a welcome break from the merry-go-round of negotiations and renegotiations that render our current system so inefficient and leads to little public trust in its outcomes.

The new Levy will aim to raise more revenue than at present by capturing a greater share of the land value uplift – a decision we made explicitly to ensure that the system supports the infrastructure and affordable housing needed to create strong, mixed communities and to give local people more confidence that housing will give more benefits to them and their children.

It's an approach that provides greater certainty and clarity all round; giving developers the confidence to bring forward innovative and ambitious plans for new development, safe in the knowledge that their efforts won't be wasted or arbitrarily rejected.

Communities, too, can be confident that they will benefit from development.

### A more diverse market

The new approach also, vitally, opens up the system to new builders. This is one of our core objectives, having more diverse, competitive planning system and house building

market.

Thirty years ago, small builders accounted for 40% of new build homes. This has since fallen to just 12%. SMEs are vital for long-term housing delivery. Between 2010 and 2018, they were responsible for the creation of around 140,000 jobs.

Self-build and modular construction techniques have also struggled to gain a foothold.

This is bad not just for housing delivery, but also for the innovation and competition for the productivity of the UK economy. We want to make the UK a world leader and see the businesses taking root in the Midlands and the North grow, thrive, build more of those homes and see more of the product they rely on manufactured in the UK.

Last week I announced a review of the law to make it easier for people dreaming of building their own home – an industry estimated to be worth almost £4.5 billion to the British economy. Currently there are around 15,000 of these types of homes built every year – an increase of 50% in 2 years, we want to go further than that encouraging local councils to bring forward serviced plots wherever they can.

Our determination to increase the housing supply is rooted in this government's longstanding belief that we have a duty to help people onto the housing ladder, and to help those who get onto the ladder. One issue that we are tackling is the growing problem of newly built houses being sold as leasehold rather than freehold.

This government is committed to bringing forward leasehold reform in order to outlaw unfair practices that have given leasehold a very bad name and left many leaseholders in a difficult position.

Earlier this year the Law Commission published a number of reports setting out how we could make the process of enfranchisement simpler and easier, improve the position of leaseholders more generally and embed commonhold as a more established tenure.



We will shortly be responding to this report – setting out the reform government will take forward and we intend to reform leasehold to cut unnecessary costs, uncertainty and complexity to make the process of enfranchisement as simple as possible for leaseholders. And to ensure that common hold is made a reality for more and more people. We'll legislate to ban new leasehold homes at least, and reduce ground rents to zero.

## Homes of all tenures / home ownership

The truth is that too many young people, families and others will continue to be trapped paying high rents, being priced out of putting down roots where they grew up, where they live and work, if we don't act.

That's why we're building more homes, that's why we're reforming the planning system, that's why we've brought forward the biggest affordable homes programme in 10 years and that's why we're bringing forward our First Homes initiative – something I think could be life-changing.

Under this scheme, local first-time buyers can buy homes at a discount of at least 30% in their local communities, with councils able to put key workers at the front of the queue.

Where property prices are highest, the discount could be as high as 50%.

It will apply to the new home forever, locking in that home for first time buyers in perpetuity.

We're accelerating the roll out of First Homes with a 1,500-home pilot, funded by the new Affordable Homes Programme and setting an expectation that 25% of the affordable homes delivered through developer contributions will be First Homes in the future.

## Rough sleeping

That commitment to build more affordable homes very much includes homes for the most vulnerable in society.

They have been our priority throughout the pandemic and it's fair to say that the way we have protected people sleeping rough is essentially and widely regarded as among the best in the world. Our everyone in programme helped 29,000 of the most vulnerable people off the streets and into safe accommodation, a huge tribute to the local councils and charities involved in that initiative.

We're building on that through the new Protect Programme, which provides a further £15 million to help councils that need extra support ensure that everyone sleeping rough has somewhere safe to go during the current restrictions and over the winter.

Helping us both protect people from the virus and move forward with our goal of ending rough sleeping.

The programme is part of significant ongoing efforts – backed by over £700 million funding for homelessness and rough sleeping this year alone – including building or renovating 3,300 new homes for rough sleepers, the biggest injection of cash to acquire this type of property since the early 1990s, creating a new national asset for those people who come off the street can be moved into good quality accommodation as they begin to build their lives

The Prime Minister and I are determined that it will be this parliament that brings rough sleeping to an end and reduces the number of rough sleepers on our street to the absolute minimum.

Lockdown and economic support

While we continue to face testing times, our ambitions and optimism for the future remain high. The vaccine breakthrough is welcome news.

But as the Prime Minister has said, it is still very early days and we need to remain focused on following the rules to keep people safe and limit the economic damage.

We have faced dark days before as a country and have always been able to build back better.

I have every confidence we will do so again; with the housing market once again leading the charge, backed by a once in a generation set of planning reforms that promise to transform, backed by greater investment.

I look forward to working with you to make these changes a success to support your industry in every way that we possible can and to meet up again in person once we put coronavirus behind us and are truly beginning to build back better.

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