
British House Building Industry

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05 September 2019

Volume 664

🕒 3.45 pm

Siobhain McDonagh (Mitcham and Morden) (Lab)

I beg to move,

That this House notes with concern the ongoing shortage of housing and the housing crisis across England; further notes with concern the number of families in temporary accommodation and the number of people rough sleeping; acknowledges that there are over one million households on housing waiting lists; recognises the Government's target to build 300,000 new homes each year; acknowledges that this target has been missed in each year that the Government has been in office and that the number of homes constructed by housebuilding companies that are deemed affordable is insufficient; notes the pay ratios between executives and employees in FTSE 350 housebuilding companies; and calls on the Government to tackle the housing crisis as an urgent priority.

I thank the Backbench Business Committee for granting time for today's debate, and all the Members who will participate. It is amazing to see so many Members here, given the week we have had. At the request of Madam Deputy Speaker, I have stripped quite a lot from this speech because so many people want to speak—I will do my best. I want to give credit to the High Pay Centre and the best possible exposition of its amazing research for this debate on the state of the house building industry.

No Member of this House, whatever their party, can but be fully aware of the crisis in housing and homelessness in all our constituencies. I will open the debate by looking at the scale of the current housing crisis, by considering the record of the FTSE 350 house building companies and their contribution to solving this crisis and finally, and most amazingly, by analysing the utter pay inequality that is rife across the British house building industry.

On streets across our country and on the very doorstep of Parliament, British citizens who simply cannot afford a place to call home are sleeping rough. For the general public they are the visual representation of our homelessness crisis. As highlighted by the Children's Commissioner last month, homelessness is far more common in 21st-century Britain.

Not a single week goes by without a normal, hard-working family in my constituency being evicted from their privately rented property and sent to temporary accommodation miles away from family, their schools and their jobs. They join over 83,700 households across our country, including 124,000 children, who are living in temporary accommodation.

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Joan Ryan (Enfield North) (IGC)

May I add to the picture the hon. Lady is painting by telling her that Enfield has significant problems on housing and homelessness? We have the capital's highest eviction rate and the second highest number of residents in temporary accommodation, and homelessness has rocketed by 250% since 2011. Does she agree—from what she is saying, I think she clearly does—that the Government's policy is not only hurting the housing market but causing a huge set of social problems, too?

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Siobhain McDonagh

The social and financial cost of homelessness far exceeds what we spend on temporary accommodation, which was £1 billion of taxpayers' money last year—every £1 of it badly spent. Some 6,980 families in my constituency are trapped in bed and breakfast accommodation, having been there longer than the six-week legal limit, including 810 children. Others are stuck in hostels far away from their schools, families and friends.

Some of my constituents are housed, at least temporarily, in Connect House, the busiest south London industrial estate. For anybody who wants to see what Connect House looks like, please have a look at the video on my Twitter account.

I am just crawling through my speech, because I see more and more people here.

Other families who have come to see me are on the ever-expanding waiting list, with 1.2 million families across our country now waiting for a place to call home—1.2 million. Just 6,464 new social homes were built in 2017-18, the second lowest number on record. At that rate, it could take 172 years to give a socially rented home to everyone on the current waiting list. That is utterly appalling when we compare those figures with the 150,000 social homes delivered each year in the mid-1960s or the 203,000 council homes that the Government delivered in 1953. It has been done before and we all know that we can do it again.

In Merton, where my constituency is based, 10,000 families are on the housing waiting list, with lettings for just 2.5% of them in 2018-19. What hope can I give the other 97.5% that they will ever find a place to go? I would like to provide statistics on home ownership but, again, I will move on to some of the other data in my speech.

The statistics and the stories that I have detailed this afternoon should provide thoroughly fertile ground for the British house building industry to get on and build, but its record does not match the potential. Here is the reality: our country's housing target is 300,000 new homes a year—a figure that has not been reached, as we have already identified, since 1969, when councils and housing associations were building new homes. England is now on course for the worst decade for house building since the second world war.

I would like to look specifically at the performance of the leading house building companies in our country. To the best of my understanding, the figures are all correct as of June. In the last financial year, just 86,685 homes were completed by the 10 FTSE 350 house building companies, despite an extraordinary collective pre-tax profit of more than £5.37 billion. That is a mind-boggling figure, which is better understood when broken down.

Let us start with the four FTSE 100 housing companies: Barratt, Persimmon, Taylor Wimpey and Berkeley. In the most recent financial year, Barratt completed just 17,579 homes—slightly more than Persimmon, which finished 16,449 homes, with profits of £1.1 billion, of which half was down to public subsidy through the Government's Help to Buy scheme. Taylor

Wimpey came third with 15,275 homes completed but, in fourth place, despite an astonishing pre-tax profit of £934.9 million, is Berkeley homes, which completed a pitiful 3,894 homes. Together, those four companies collected a pre-tax profit of an unimaginable £3.68 billion, despite completing just 53,198 homes—less than 18% of the Government's house building target.

What went wrong? Did they perhaps just not have the land to build the houses? Those four companies are sitting on a land bank of more than 300,000 plots between them. If we add in the rest of the FTSE 350 house building companies—Bellway, Bovis, Countryside, Crest Nicholson, Galliford and Redrow—the collective land bank is a staggering 470,068 plots, yet they completed 86,685 homes between them.

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Jack Lopresti (Filton and Bradley Stoke) (Con)

I congratulate the hon. Lady on her excellent speech, with which I broadly agree. Does she agree that while, from a moral point of view, we obviously need to build more houses in the public and private sectors, we also need to radically reform the planning system, which takes far too long and is a big roadblock to getting the homes we need for people?

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Siobhain McDonagh

I absolutely agree with the hon. Gentleman and would love an opportunity to have a debate about planning law, building on the green belt and other matters. I could speak at great length about them but I will not because I want to allow other people to get in.

I would like Members to focus their attention on pay. Some of the figures are staggering. Let me be clear: I am new Labour to the core. I have no problem with successful businesspeople earning a lot of money, but what happens in this sector goes beyond earning a fair day's money. I was furious to see that, almost exclusively on the back of the British taxpayer through Help to Buy, Persimmon awarded its former chief executive Jeff Fairburn a staggering £75 million bonus, despite an appalling record of utterly substandard homes. How can that be right or fair?

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Justin Madders (Ellesmere Port and Neston) (Lab)

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That is a truly staggering pay packet. Does my hon. Friend agree that, given that Persimmon has recently given back the freeholds in Cardiff that it mis-sold to a number of homeowners, it should do that for everyone to whom it has mis-sold in the whole country?

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Siobhain McDonagh

I completely agree with my hon. Friend and congratulate him on all the work he has been doing. Without the attention he has given the issue, much would not have happened.

Let us be clear: the money does not flow through the companies. Thanks to excellent new research from the High Pay Centre, I can reveal the quite extraordinary pay packets of the 10 FTSE 350 house building companies. In the heart of our country's housing crisis, the four FTSE 100 house building companies spent an eye-watering £53.2 million on their CEO pay. David Thomas at Barratt earned £2.811 million; Peter Redfern of Taylor Wimpey earned £3.152 million; Tony Pidgley at Berkeley reached £8.256 million; and Mr Fairburn, formerly of Persimmon, got a whopping £38.9 million.

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Bob Stewart (Beckenham) (Con)

The hon. Lady is making a great speech and I totally endorse everything she has said. I am really worried as to what the heck the shareholders are doing. Do they not question this when they have their annual general meeting? They are meant to bring the companies to account on such matters.

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Siobhain McDonagh

Actually, the shareholders are doing quite well as well, because they are getting quite a lot of money on the back of Help to Buy. That could be the subject of another debate.

I have no doubt that those four men work hard and have a grasp and understanding of their industry that few others could provide, but surely high pay is supposed to be about high productivity and high quality of product. It seems to me that the more substandard the properties they build and the lower their rate of productivity, the more they get paid. There seems to be no consequence for poor performance. We are in a housing crisis—is it really appropriate to provide such preposterous pay packets, considering the house building record I have described?

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Mr Richard Bacon (South Norfolk) (Con)

I agree with almost everything that the hon. Lady has said, but I ought to point out—I declare an interest, because as part of an Industry and Parliament Trust fellowship I spent a day at Berkeley—that the main shareholder of Berkeley is Tony Pidgley, who started that business himself. He left school at 15, unable to read and write, and he has employed thousands of people, created a great deal of wealth for this country and paid a huge amount of tax. Moreover, he would deny—and he would be right to do so, unlike some of the others the hon. Lady rightly mentioned—that Berkeley produces poor quality. It does not; it produces extremely good quality. Berkeley refuses to be a member of the Home Builders Federation because it does not consider itself a volume house builder.

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Siobhain McDonagh

I certainly agree with the hon. Gentleman in part. I have had the honour of meeting Mr Pidgley and I give him credit for his career and his actions. His profits do not come from Help to Buy but, even so, it does seem like a very unequal company. I have no problem with people earning well at the top, but the people at the bottom should not earn badly.

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Matt Western (Warwick and Leamington) (Lab)

I congratulate my hon. Friend on securing this debate and making an excellent speech. On her last point, as far as I understand it, Berkeley constructed no affordable housing last year, and for Barratt Homes, Persimmon and the others in the top four, the figures are around 18%

to 20%. It is a complete scam. The amount of money they are taking out of the top and not just for executive pay or shareholder pay—I have no problems with shareholders receiving dividends and so on—is at the expense of much-needed social and affordable housing. The whole viability element of the planning system is a complete scam and should be done away with.

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Siobhain McDonagh

I absolutely agree with my hon. Friend, and I know that he works really hard on that subject. Just like the issues about the whole planning system, that could be the topic of another debate, to which I am sure we would both want to contribute.

The median pay for FTSE 100 house building CEOs is 228 times that of the typical UK construction worker.

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Gareth Johnson (Dartford) (Con)

Does the hon. Lady agree that one way forward would be to increase the opportunities for self-build? It is incredibly difficult at the moment. If an individual wants to buy a plot of land and find a builder to construct a house for them, they find so many obstacles in their way. Does the hon. Lady agree that that may be a way forward to improve on the current situation?

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Siobhain McDonagh

I think the hon. Gentleman has stolen the words of the hon. Member for South Norfolk (Mr Bacon), who also does loads of work on self-build. It is an issue that small and medium-sized builders have been squeezed out, but unfortunately I do not have time to address that matter today.

Let me return to the matter of pay ratios. At Barratt, the pay ratio between median executive pay and median construction worker pay is a disappointing 113:1. At Taylor Wimpey, it is an awful 126:1. At Berkeley, it is a shocking 331:1. But at Persimmon, it is an absolutely

deplorable 1,561:1. Jeff Fairburn, in his final year of employment as chief executive of Persimmon, received more than £38.9 million, yet his average member of staff earnt £37,118. That was for technical staff. We do not know what the company’s subcontracted electricians, roofers or other wet tradesperson might have received. How can that be fair?

The vast scale of inequality looks even worse in the light of UK housing prices. Assuming that the average UK house price is £230,630—I assure the House that it is not possible to buy anything in my constituency or in the constituency of the right hon. Member for Enfield North (Joan Ryan) for that price—and that the average UK construction worker saves 10% of their earnings to buy a house, it would take them 92 years to save up and 19 years just to save for the deposit alone. But the average FTSE 350 CEO could buy 28 houses outright in one year, 532 houses over 19 years—the years that the construction worker would be using to build a deposit—and 2,567 houses over the 92 years in which the construction worker would be saving up to afford their home. On no level can this be right or fair. It cannot be right for our society. It cannot be right for us as taxpayers. It is simply wrong. The system is broken. In the main, the market does not reward hard work, endeavour and meeting the housing need. In my view, it certainly should do.

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Madam Deputy Speaker (Dame Eleanor Laing)

It will be obvious to Members that we have very little time left—not surprising in the current circumstances—and that lots of people want to speak. We will try to manage without a time limit. Let us see whether we can be courteous and consensual. If everyone takes around five minutes, we will get there.

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🕒 4.04 pm

Mr Richard Bacon (South Norfolk) (Con)

That is very helpful, Madam Deputy Speaker.

May I start by congratulating the hon. Member for Mitcham and Morden (Siobhain McDonagh) very sincerely? I realised how strange times are in this particular area of housing debate when I attended a lunch at the Institute of Economic Affairs, where the hon. Lady was

the guest speaker. I realised that it is the case not so much that there is a political cross-dressing going, but that many of us are searching for solutions outside the traditional parameters; and that is because, as the title of the White Paper from January 2017 said, we have a broken housing market. We might have some differences about the causes of the situation she accurately describes, and about the best prescriptions for solving it, but it is absolutely clear that supply does not rise to meet demand. She used the word “market” in her last couple of sentences, which rather implies that we have a market for housing, but we have no such thing; we have a tightly controlled oligopoly, and actually supply does not rise to meet demand, because most suppliers do not wish to damage their own profit margins by oversupplying the market so that prices fall. We would not expect that in any other area of business and we should not expect it in housing.

Fundamentally, we need to change the model. If we have a broken housing market, we need to create a different ecosystem, and one of the fundamental things we need to do is increase choice for consumers. It is by far the single biggest thing people spend money on —whether renting or buying, it is the thing that people spend most of their monthly income on—but it is the thing over which they have the least choice. In any ecosystem in which the consumer had any say, it would be the thing over which they had the most choice.

As well as increasing choice, we have to lower barriers to entry, and that is where I want to bring in my favourite subject, mentioned by my hon. Friend the Member for Dartford (Gareth Johnson), namely self-build and custom house building.

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Matt Western

On choice, I totally agree with the hon. Gentleman’s point. One of the critical things, in addition to self-build, is the reintroduction of all the small and medium-sized enterprise builders we lost after 2007-08. Apparently, a quarter of all houses built are built by SMEs, whereas it used to be two thirds.

Share

Mr Bacon

In 1988, it was indeed two thirds. If we increase the regulation and make it more difficult to get hold of land, it is the SMEs that will go, because only the big firms with the big balance sheets can afford it. It is a very risky enterprise, and actually local planning authorities prefer dealing with a small number of large companies because it is easier for them. That is one of the other things we have to change.

I am accused of wanting everyone to learn how to be a builder and build their own house. It has nothing to do with doing it yourself. It is very important to stress that. It is about self-commissioning and giving the customer more power. I will be briefing the Minister next week on the terms of the Self-build and Custom Housebuilding Act 2015, which commenced three years ago in April 2016, and the way it was augmented successfully by the Housing and Planning Act 2016, so that now the more people who are on the local register the greater the legal obligation on a council to provide suitable planning permissions.

The point about having individuals and associations of individuals under the terms of the legislation is that it could apply to anybody. It could be used by school governors wishing to use the provision of a serviced plot of land as a recruitment and retention tool; by local social services directors trying to recruit social work managers in parts of the country where it is difficult to find the right calibre of social worker; by NHS trusts trying to accommodate staff, whether young junior doctors, paramedics or ambulance staff; by local Army commanders trying to retain that very expensively trained staff sergeant with 20 years' experience; by the Royal British Legion and other veterans groups trying to accommodate veterans; by probationers and ex-offenders trying to make sure that ex-offenders coming out of prison have accommodation that is not the drug dealer's sofa; and by the homeless themselves—I have seen just outside Berlin, in Potsdam, homeless single mums building their own accommodation for an affordable rent.

That brings me to my next point: it has nothing to do with tenure. One can use self-build and custom house building both for private ownership and for all kinds of affordable accommodation models, including mutual housing co-operatives and various other types of social landlords.

I am keen to keep my remarks brief, but I want to say a few things to the Minister about what the Right to Build Task Force, which I have been involved with for some years, is now looking for. We had £350,000 of funding from the Nationwide Building Society, and with that we can

evidence an additional 6,000 to 9,000 houses added to the pipeline in the last three years. If we can do that with £350,000, think what we could do with some serious money. I would like the Department to take on the funding for that, but also as part of a help-to-build team installed within Homes England with the task of facilitating the delivery of service plots, buying land, and working with local authorities and other public sector partners on public sector land for a range of client groups, especially the young and those who have been most marginalised. That team should also reach out to anybody who wants to get a service plot so that we reach a point where someone can go to the plot shop in the local town hall in their home town and find a plot of land as easily as people can in the Netherlands, where I have seen it done.

We have to put help to build on a level playing field with Help to Buy. The Government are currently planning to spend £22 billion on Help to Buy, subsidising demand, when we should really be subsidising supply. If one wants more of something, then subsidise it and it will happen. I know from many people I have spoken to, including Treasury Ministers, that there is a desire to do something about the growing cost of Help to Buy. The obvious thing to do is to wean people off Help to Buy—a subsidy for demand—and wean them on to a subsidy for supply, thus increasing supply.

We have to remove the regulations that currently allow local authorities to charge people to be on the register each year. Most do not, but Camden and Islington councils charge £350, and people do not get any guarantee of a plot for that. That should be revoked. I said that to Gavin Barwell when the regulations were introduced. I was not put on the Committee for some reason, even though it was my own private Member's Bill that became the Act, but I went along anyway and spoke. He said on the record—I can show this to the Minister—that if it proved to be a problem, he would take a look at it. Although he is no longer the Minister, the Government were committed to looking at it. I can tell the Minister that it has become an issue and we should now revoke these regulations. The charge is supposed to recover the cost of keeping a register, but that is really very small—it can be done in an exercise book kept in a drawer or on a spreadsheet.

We need to introduce a series of specific planning reforms, particularly allowing for exception sites where councils are not fulfilling their legal obligations. We need to make it clear that the national planning policy framework has a presumption in favour of sustainable

development in circumstances where councils fail to meet their duties under the Act, irrespective of whether there is a five-year land supply, in terms of providing service plots.

We need to introduce changes to the planning system that provide greater predictability to reduce the planning risk—for example, through the compulsory use of form-based codes or through local development orders. We need to take forward the proposals in the White Paper to facilitate land pooling, which has worked very successfully in Germany and elsewhere on the continent.

We do have a broken system, and doing more of the same will not produce a different result. We have to think differently and do differently. I encourage the Minister to take that responsibility seriously.

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🕒 4.12 pm

Sir George Howarth (Knowsley) (Lab)

It is a pleasure to follow the hon. Member for South Norfolk (Mr Bacon), who made a typically thoughtful and interesting contribution to the debate on housing.

I congratulate my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) on her survey of the state of the market and some of the negative aspects of it that we need to address. Anybody who reads her speech in *Hansard* tomorrow or at some later point will consider some of the companies that she named to be a roll call of disrepute.

On that theme, I wrote to the chief executive of Redrow, the developer, about a leasehold scandal following conversations with concerned residents of Summerhill Park in my constituency. Summerhill Park has over 455 houses and 70 flats. There is a two-tier system of ground rents in operation. Residents who purchased their properties early on in the development pay ground rents of £150 a year, while those who purchased homes in the later phases pay £250 a year. My constituents want to be enfranchised. They want to purchase their freeholds and are willing to pay a fair price. They believe—and I agree with them—that a fair price would be 10 times the annual ground rent, which they think is fair and reasonable and are willing to pay. Redrow, however, is asking for 26 times the annual ground rent, which I think, frankly, is unfair and unreasonable.

In the light of the Government's reform proposals and the Law Commission's ongoing work on leasehold reform, I approached Redrow to arrange a meeting to discuss the residents' ideas further. Redrow contended in its response that the lease agreements are fair and transparent, which my constituents strongly disagree with, as do I. Its business model is considered by many—including, as I am sure the Minister will confirm, the Government—both unreasonable and unjustifiable. The offer of giving residents the opportunity to purchase the freehold at a fixed price of 26 times the annual ground rent is not, in my view—and, I hope, in the Government's view—reasonable or fair.

In response to my letter, Redrow said:

“it would be inappropriate to move away from the practice that has been adopted over the last two years, with all Redrow households, including those [who] have already acquired their freehold at Summerhill Park.”

I wrote back to say that I did not agree and I would still like a meeting. Surprise, surprise, Redrow said, “There is little point in a meeting.” All Members of this House have a reasonable expectation that if they request a meeting with an organisation or company in the private or public sector to discuss an issue that is of concern in their constituency, they will get that meeting. Redrow arrogantly—not to me, but to the people I represent—declined to hold such a meeting. I deplore that, as I hope others do.

It is unjustified and unfair, and I fail to see how pressing on with that policy is either reasonable or acceptable. Redrow is doing this simply because it can and because it can continue to make money out of the residents I represent in this House. The leasehold scandal has caused a great deal of distress for homebuyers across England, particularly in the north-west, with many homebuyers trapped in their current properties, some unable to afford to purchase their freehold and others even unable to sell their property. Redrow is not unique in this. Other developers are just as involved in this scandal.

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Mike Amesbury (Weaver Vale) (Lab)

I have a situation in the Winnington part of my constituency of Weaver Vale, where resident Emily Martin and many others are caught in this leasehold trap. In terms of the next phase, people have benefited from the reforms that we in this place have campaigned for, and the

properties then become unsellable.

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Sir George Howarth

That adds to the unfairness of it. Redrow is not unique in this, and all these companies need to look at themselves, the business model they are adopting and the ethics involved.

I will conclude by asking the Minister three questions. First, may I invite her to join me in condemning Redrow and the other companies that are still involved in this practice? Does she agree that the freehold purchase cost of 10 times the ground rent is fair and reasonable, whereas 26 times is sheer daylight robbery? Finally, does she agree that it is desperately important that we have legislation to curtail the naked greed of those developers engaged in this disreputable practice?

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🕒 4.18 pm

Mr Mark Francois (Rayleigh and Wickford) (Con)

May I begin by congratulating the Minister on her appointment? It is good to see her in her place at the Dispatch Box.

The house building market in the United Kingdom is highly oligopolistic, dominated by very few very large players, some of whom are extremely unresponsive to the needs of local communities, as the hon. Member for Mitcham and Morden (Siobhain McDonagh) laid out so well in her speech. They can have an adverse impact on communities in the long term, but they can also have an adverse impact in the short term, while their houses are being built.

We had an example of that in Rayleigh on Monday morning. The schools came back, so clearly the traffic increased, but it was massively exacerbated by three contraflows all in operation at the same time on three different housing developments: Barratt David Wilson at Hullbridge, where a nearby key road called Watery Lane has been closed for many weeks because of the works; Countryside at Rawreth Lane in Rayleigh, which has a contraflow in place; and Silver City, a lesser known, smaller developer which has a contraflow on the

London Road in Rayleigh. The cumulative effect, made worse by a road traffic accident that morning, was that the town was in effect gridlocked, and many of my constituents were extremely frustrated as they were simply trying to get to work.

I have remonstrated with the county council's highways department for granting permits to work on the highway to all of these developers at the same time. It has a strategic overview of the highways network, and I think it should look at that again. I have also contacted all the developers directly, and encouraged them to get this work done as fast as possible and then get out of the way, and the responses have been instructive. The smallest, Silver City, has promised that it will be finished by the end of the week and that it will be off the highway network. Countryside, an Essex-based developer, has said that it will no longer operate its contraflow in the morning and evening rush hours, thus considerably easing the congestion.

Barratt David Wilson, the major national house builder, has been the least responsive of all. It has been on site since February, and my constituents in Hullbridge are just about sick and tired of it. As the hon. Member for Mitcham and Morden has pointed out, its chief executive, Mr David Thomas, is on a nice little earner. According to its 2018 annual report, he earned a total package of just shy of £3 million—some 20 times the salary the Prime Minister earns for the responsibility of running the country. I suspect that Mr David Thomas could not find Hullbridge in my constituency with a TomTom.

Barratt David Wilson has now, under pressure, contemplated extending the hours of its work to try to finish the job, but it still will not give me a firm date for when its works will be completed, Watery Lane can be reopened and it will get out of the way. In short, it is a bad neighbour in my constituency, and I think it is about time that this large, unresponsive, uncaring national house builder, run by a fat cat on £3 million a year, was held to account. My constituents deserve better than this, and these developers should put more people on the job, get the job done quicker and get off the roadway.

We are tight for time, but in my last minute I want to mention Sanctuary Housing, the largest housing association in my constituency. I had an Adjournment debate on 18 July about what is wrong with it, so I shall not reiterate it all now, suffice it to say that I had a meeting with its chief executive, Mr Craig Moule, and its outgoing chairman, Mr Jonathan Lander, yesterday. It was a deeply unsatisfactory meeting. Basically, it had promised to build 50 affordable houses a year, but it got nowhere near that. It had no clear plan or strategy to achieve the

target. I am afraid the outgoing chairman of the board clearly did not take the meeting seriously. In fact, his attitude was patronising. If he had said, “I hear what you say, Mr Francois” one more time, I think I would have screamed.

There is a governance issue at Sanctuary. It is badly run and badly governed. It is not properly accountable to the tenants it serves, which is why it was slated by “Dispatches” a few months ago. My plea to the Minister is that we need tighter regulation of the registered social landlords market. Some of these are very large organisations indeed. They are not properly regulated by the Government, and Sanctuary is most certainly not properly regulated by its rather useless board.

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Several hon. Members rose—

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Madam Deputy Speaker (Dame Eleanor Laing)

Order. We really do need to keep aiming for the limit of five minutes, because I am sure that people will want to hear what the Minister has to say. She has been asked many questions, and the answers must be heard, too.

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 4.24 pm

Stephen Timms (East Ham) (Lab)

We are in the grip of a major housing crisis. You will not remember, Madam Deputy Speaker, but I can just remember “Cathy Come Home”, and the determination of our predecessors in the 1960s—this picks up on some of the points made by my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) in her excellent opening speech—that the lives of families should not be destroyed by housing misery. Today, lives are being destroyed again. One day—sooner, I hope, rather than later—we will again need a major national programme of council house building to give those families a chance.

Last month I had the privilege of hosting a visit to my constituency by members of the Archbishop of Canterbury’s Commission on Housing, Church and Community. We had “Faith in the City” in the 1980s, “Unemployment and the Future of Work” in the 1990s, and both those Church reports caught the mood of the times and profoundly influenced the policies of Governments. I hope that the Archbishop’s housing commission report will do the same when it is published. We visited a family in my constituency—mum, dad, and a young son—who are essentially living in one room in a ramshackle property above East Ham High Street. There is serious damp and a rat infestation. They have been there for five years, and both of the couple have been employed and were working in the NHS. Recently, a second child was born and, tragically, very soon died, probably because of the conditions in the home. That is how it is for thousands of people. After the visit, one commission member emailed me and commented, quite rightly, that our society should not tolerate people having to live in such conditions.

I was delighted to take the commission members to the Didsbury site, where Newham Council’s own developer, Red Door Ventures, which was set up in 2014, is building new homes on council land that was previously occupied by a community centre. It is committed to building 50% of its homes for social rent, and 50% at market rent, and it plans to build hundreds of homes over the next few years—thousands, I hope, before too long.

As my hon. Friend reminded the House, after world war two, social housing was built at a rate of well over 100,000 homes a year. The crisis today is just as bad as it was then, and we need that scale of ambition to deliver such a programme again. There is no time to lose.

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🕒 4.27 pm

Andrew Lewer (Northampton South) (Con)

I draw the House’s attention to my entry in the Register of Members’ Financial Interests, and I thank the hon. Member for Mitcham and Morden (Siobhain McDonagh) for securing this debate. I have spent much of my working life taking an interest in this core topic, and after becoming a Member of Parliament, housing has continued to be a passion of mine. I have been involved with the housing sector since I served on a planning committee for 12 years, and then as leader of Derbyshire County Council and director of a housing association. As an

MP, I sit on the Housing, Communities and Local Government Committee and I chair the all-party group for SME house builders. In both roles, I have had the pleasure of working with people from across the private and social housing sectors. In particular, my hon. Friend the Member for South Norfolk (Mr Bacon) has made fantastic progress in championing self-build homes, and I hope he has continued success in that area.

Another area of success can be seen in the excellent work of Northampton Partnership Homes. Its chairman, David Latham, and chief executive, Mike Kay, have laid out ambitious plans for the future of social housing and tackling homelessness in my constituency, but national support from the Government, and local support, will be required to get those plans advanced. I have been encouraged by the Government's commitment of £1.2 billion funding to tackle homelessness through to 2020, and by the introduction of the Homelessness Reduction Act 2017. I know that has been hugely beneficial in Northampton, and I hope it can help to get people back on their feet and with a roof over their head. Is there more to do? Of course there is, and I look forward to hearing about that from the Minister.

I was pleased to meet Sir Edward Lister, in his then capacity of chairman of Homes England, at a recent meeting of my all-party group. I was thoroughly impressed by what he said and I was encouraged by the approach he had been taking. It felt like there has been a shift and a change of culture at Homes England, or at least the start of a shift. The change needs to be seen primarily in money allocated by Ministers going to where it is needed most and by SME housebuilders getting that access. The sector does not feel that it is anywhere near as straightforward yet as it should be for SMEs in particular.

I am encouraged by the steps and the commitments the Government have already taken in this area, but I hope my right hon. Friend will make reference to, and address how, money from Homes England will get not only to the private and the social sectors, but to the shared ownership housing sector, a sector with a lot more potential than it has yet been able to realise.

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🕒 4.30 pm

Justin Madders (Ellesmere Port and Neston) (Lab)

Week in, week out housing problems are the No.1 issue in my constituency. As a look of affordable housing, poor living conditions, homelessness or landlords not acting to rectify problems. We should not forget that at the heart of this debate are real people facing very real difficulties because over the past nine years the Government have failed to act to tackle the housing crisis. I have too many people coming to see me who are sleeping on couches, in tents or in cars. That situation is becoming far too regular in my surgeries. It is an absolute disgrace.

Since the Government came into power, rents have become increasingly unaffordable, with private renters spending on average 41% of their household income on rent. Shelter reports that a third of low-income renters are struggling to the extent that they have to borrow money to pay their rent and keep a roof over their heads. In those circumstances, putting money aside to save for a deposit so they can eventually own their own home is completely unrealistic. There is a massive job ahead of us to replenish the depleted housing stock in this country and I am pleased to see that, after many years of stagnation, there is now significant housebuilding in my constituency, particularly on brownfield sites. Very few, however, have affordable housing in them—or, as I would like to call it, council housing. That is because permissions were all granted some time ago and the developers have used rules brought in under the coalition Government to plead poverty and tell us that the requirement to build affordable homes means they cannot maintain their 20% profit margins. As a result, there is no affordable housing being built on just about any private development in my constituency. Most developers sought release from those obligations four or five years ago, but have only started building them in the past couple of years. It is clear that the affordable housing requirements were not what was stopping them; it was greed. As my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) set out, it certainly has not harmed their profit margins.

It is greed that has poisoned many of the public's opinion of the housebuilding industry as a result of the leasehold scandal. As the Chair of the Housing, Communities and Local Government Committee, my hon. Friend the Member for Sheffield South East (Mr Betts), said about the voluntary scheme developers introduced to deal with some of the injustices of the scandal:

“Given the evidence we heard from leaseholders during our inquiry, we know it will be difficult for them to trust developers and freeholders to deliver on such pledges.”

The only way trust can be rebuilt is for there to be a full, independent public inquiry to get to the root of the issues. How did developers first dream up the business model of commoditising people’s homes? How did lawyers draw up the onerous terms? How did sales staff present, or not present, the leases? How did the conveyancers, surveyors and lenders all miss the implications of them? How has the Government’s Help to Buy cash propped up the whole scam?

The news this week that Persimmon has reached an out of court settlement on an estate in Cardiff by giving the homeowners the freeholds and repaying the ground rent is welcome, but unfortunately that is just one estate, in one city and one developer. There must be scores of identical scenarios around the country where developers have not been forced to come to the table, so a proper PPI-style compensation scheme is vital. As I have said in the past, this is the PPI of the housebuilding industry and it needs to be treated as such. The admission by Persimmon that people did not know what they were buying should flag up huge alarm bells for every developer involved in leasehold that time is running out for them to put this right.

The National Leasehold Campaign has this week written to all developers involved in the scam to ask for the freeholds back. They should do it now and start to rebuild trust. As we know from the profit margins we have heard about, they can well afford to do it. The fact that they are still building homes on estates where there is no leasehold now, but where people who bought them a year or two ago are still in leasehold properties, is an absolutely injustice and a scandal. It needs to end.

It really is time that we had real action from the Government, so that those already trapped in unfair leases can expect to be released from them. I think we all agree that the situation is unfair and a significant injustice, but what are we going to do to force developers to put things right? There are plenty of ideas out there about how we can do that for those stuck with existing onerous and unfair leases. The Government may have lost control of the Chamber, but if they made proposals along the lines set out in my private Member’s Bill, for example, or in my party’s proposals, there is no doubt that there would be more than enough support on both sides of the House to get something on the statute book that would bring

real, tangible change to help people and get many of the thousands who are stuck in toxic leases free of that obligation at last. Let us make a real difference to people's lives. Let us pass these laws and build the homes that we need to get this country moving again.

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🕒 4.35 pm

Ruth Cadbury (Brentford and Isleworth) (Lab)

I thank the previous speakers, including my hon. Friend the Member for Ellesmere Port and Neston (Justin Madders) for his excellent speech on leasehold issues. He is such an expert—as ever—because he has such a problem in his area, but that is not unique and we have some of the same issues in London with flatted developments.

I also thank my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) for the excellent work that she has been doing on this important issue and for securing this debate. I am not sure whether it is a relief to discuss something other than Brexit, but this is as much, if not more, of a crisis, certainly for those who are affected.

In my maiden speech, I referred to my forebears, who recognised the importance of good-quality housing for people's wellbeing, lives and, I have to say, their productivity in their factory. My forebears built good-quality, affordable housing until the state took on that responsibility. From the '40s onwards, Governments of both persuasions built tens of thousands of council homes a year to ensure that the British people were adequately housed, but we have been walking away from that in the last 10 or more years.

For most of my political life, I was a councillor in Hounslow. Even in outer London until about 10 years ago, a family on an ordinary income could afford to buy their own home, so they did not need social rented housing. They did not put additional pressure on council housing. Since house prices have increased, however, people need a household income of £72,000 in Hounslow to buy even a two-bedroom flat, yet the average household income is £40,000.

We need 1.2 million new council and social rented homes in this country because that is the number of households on the housing needs register. That does not count people who are not disabled and working-age adults who have to rent. The number of people in that category has gone up 100% in just over 10 years. Under the right to buy, most councils, including even

those that are building housing—Hounslow is building about 400 new council homes a year—are losing council homes faster than they are building them. Right to buy homes are often becoming private rented stock at three times the council rent levels.

Of course, we need house builders to be on our side. As others have mentioned so eloquently, they need to address the leasehold issue. They also need to take responsibility for the shocking faults in many new-build properties. There is variation between developers, and they cannot hide behind the fact that there is a skills shortage. There is one and they need to take responsibility for it, but so do the Government, because much of the skills shortage in construction results from the fact that a large proportion of our construction workforce are EU nationals and many are leaving, or are no longer coming in the same numbers because of the uncertainty that has been mentioned many times in this Chamber. They do not feel welcome and do not have security as workers in this country.

I am sure that the Minister will respond with warm and hopeful words, as Ministers always do. The new Government may even intend to do something significant about the housing crisis, although I suspect that they will not be around for long enough to implement anything. I advise them, however, not to fall into having the problems that some previous Ministers have had. This includes the risk of unintended consequences of poorly thought-out policies. I will mention two of them.

Let us have no more schemes, such as Help to Buy, that just give discounts to those who can afford to buy anyway. Let us not rush through planning changes such as those to permitted development rights, which have allowed the appalling chicken coops in old factories and offices, as mentioned by my hon. Friend the Member for Mitcham and Morden.

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🕒 4.40 pm

Alex Cunningham (Stockton North) (Lab)

I thank my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) for securing the debate through the Backbench Business Committee. She is right to highlight these issues. Surely, in this world of inequality, individuals should not be lining their own

pockets with millions of pounds in bonuses taken from taxpayers' money. Our focus needs to be on all our people, not just the few. Other Members raised the issue of leasehold. I invite the Minister to solve the crisis by adopting our approach to leasehold.

A home is at the heart of our lives. It is the foundation on which we grow up and raise our own families—the bedrock for our dreams and aspirations. It helps us to belong and shapes who we are and what we do. Yet, as others have said, we have a housing crisis in our country. We all know it, but successive Ministers seem to have had little motivation to do anything about it. There has been a steady rise in homelessness, in rough sleeping and in hidden homelessness—people or families who are considered homeless but whose situation is not visible—either on the streets or in official statistics, with those forced into the world of sofa surfing, living in make- shift rooms in overcrowded dwellings, or maybe even in a car. That was also highlighted by my hon. Friend the Member for Ellesmere Port and Neston (Justin Madders). It is not a situation fit for 21st-century Britain.

When Labour left office, housing was at the heart of our decision making: we had just pulled the country back from the cliff edge of the global recession; we had just switched funding from other Departments to deliver the biggest investment in social housing in a generation; and we had just protected people's homes with Labour's mortgage rescue scheme, which, along with other actions, meant that repossessions were over a third lower than in 1991, when Tory inaction led to 75,000 homes being repossessed. Over the whole 13 years that Labour spent in power, home ownership soared. Since then the number of home-owning households has fallen under the Tories. Under Labour, the number rose by over 1 million. House building grew. We built almost 2 million homes. After years of high homelessness under the Tories, Labour cut it by 62%. We brought over 1 million homes up to standard as part of our decent homes programme.

Since 2010, however, the number of new social rented homes has fallen by over 95%, and we are now building 30,000 fewer social rented homes each year; house building still has not recovered to the level it was at before the global financial crisis; the overall level of home ownership has fallen since 2010, from 67% to 64% last year; average private rents have risen by £1,900 a year; and—something that should shame us all—in the sixth biggest economy in the world, we have seen rough sleeping more than double over the past nine years.

After nearly a decade of failure, it is clear that the Conservatives have no credible plan to build the number of homes we need. Labour will draw a line under the failure of the past and put building new homes at the heart of government. For the first time ever, a Labour Government will establish a fully-fledged department for housing. Ministers will be challenged at each step by a new Office for Budget Responsibility-style office for housing delivery, which will be an independent auditor of house building projections, delivery plans and progress against Government targets. We will set the new department a target of building at least 1 million new, genuinely affordable homes in England over 10 years, including a major council house building programme. We will bring forward more land for development at a lower price, by setting a new role for the Homes and Communities Agency as the Government's main housing delivery body, and we will protect the green belt.

We will introduce a revolutionary new type of housing, "first buy homes", with housing costs for new build homes benchmarked at a third of local average incomes so that homes are priced at what local people can afford, not what makes developers the most money. We will also introduce a tough "first dibs" rule on new housing developments to give local people confidence that homes built in their area can be for them and their families. Developers will be forced to market new homes to local first-time buyers first, not to overseas buyers or those with no connection to the area. We will act on those 750,000 empty plots that are sitting doing nothing and bring them into use.

Some may question what exactly we can do to tackle homelessness. Last week I visited St Mungo's and learned about its initiatives to help reduce the impact of homelessness, including "no second night out". I also visited AKT—formerly the Albert Kennedy Trust—and heard directly from some young LGBT people who had experienced homelessness, and who told me what housing support they needed. Organisations such as St Mungo's and AKT do excellent work in supporting people who need help, and they truly set an example of what can be achieved with vision and passion. Any Government could learn much from both those organisations.

Ultimately, this comes back to the availability of housing stock. We cannot provide people with decent, affordable homes if we simply do not have the stock. We need to build, and build fast. However, we cannot compromise on quality or affordability. It means very little for


thousands of new homes to spring up in an area if the people who live in that area cannot afford them.

Rental costs should not account for two thirds of tenants' incomes, and it is on social housing that we must focus to address the housing crisis. Labour has already made a commitment to stop the sell-off of 50,000 social rented homes a year by suspending the right to buy, and to transform the planning system with a new duty to deliver affordable homes in order to make more land available more cheaply. Councils are not adequately staffed to oversee planning applications, and the industry does not have the skills and innovation to deliver what we need. Labour will ensure that both councils and the industry have what they require.

Everyone should have a safe place that they can call home, but that is so often not the case. A young person may not be able to return to the family home because he or she is at risk of harm. An older person may not be able to go upstairs safely, and may therefore need a different type of accommodation. A survivor of domestic violence may need somewhere safe to rebuild his or her life. A family may be sleeping in a car because it is cleaner, and perhaps safer, than temporary accommodation. I am thinking of some of the destroyed families referred to by my right hon. Friend the Member for East Ham (Stephen Timms).

Successive Tory Governments have failed all those people. It is time that we had a Labour Government putting housing front and centre, putting right the failures, and sorting out the crisis that so many face today. As my hon. Friend the Member for Mitcham and Morden said, we have done it before and we will do it again.

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 4.47 pm

The Minister for Housing (Ms Esther McVey)

I thank the hon. Member for Mitcham and Morden (Siobhain McDonagh) for bringing the debate to the Floor of the House and I thank everyone who has contributed to it.

There has been much agreement across the Floor on what we would like to happen, and, more important, what we do not like the look of and is not the way forward. None of us can agree with the exorbitant pay packets that some people have received. We are also all

agreed that—in the hon. Lady's words—the market is not working. That is right: ~~It is not.~~ We might have different ways of resolving that problem, but we would say that, if there are not enough houses in the market, it is not working. Various implementation schemes should operate for a short period, until we have ensured that there are more houses in the market, and that is what we are doing.

It has been a scandal how fewer houses have been built decade after decade, but we are turning that around. Let us look at some of the figures. We have delivered more than 1.3 million new homes since 2010, including more than 430,000 affordable homes. In the most recent year, we have delivered more than 220,000 additional homes, the highest level in all but one of the last 31 years. The latest indicators show that we are on track to meet our 2015 manifesto commitment to add 1 million more homes by 2020.

Those who have talked about homelessness will be heartened to learn that, for the first time since 2010, the annual rough sleeping statistics have shown a decrease in the number of those sleeping rough. That reflects the Government's substantial investment and support over the last few years. But what we want to see is the right houses being built; choice in who is building them; and an SME market, not just a market of the top four or five in the building sector. We as a Conservative Government want to bring back the SMEs; 30% were lost during the financial crash and never came back. We want those businesses back and, more importantly, as my hon. Friend the Member for South Norfolk (Mr Bacon) said, we want there to be the right to build: we want to be able to make sure there are not just a few companies, building thousands of homes, because there could be thousands of individuals making their own homes. That is what we are about: choice and opportunity as we go forward.

We have said we would deliver 300,000 homes by the mid-2020s. That is my ambition and the ambition of the Conservative party. How will we go about it? I have said that we have been delivering more each year, but we want to bring together a centre of excellence for construction and engineering in the north of the country. We want to have a global leader for construction and engineering, bringing forth those technological solutions we have been talking about such as modern methods of construction and environmental innovations in the housing market.

However, let me pick up on some of the things we do not want that many Members talked about. I want to work with the right hon. Member for Knowsley (Sir George Howarth), the hon. Members for Ellesmere Port and Neston (Justin Madders) and for Brentford and Isleworth (Ruth Cadbury) and my hon. Friend the Member for Northampton South (Andrew Lewer). We do not want to see the misuse of leaseholds and the exorbitant costs people are paying. We have brought a consultation forward. We are going to stop the misuse and the bad practices in that field, and we can work on that together from both sides of the House, because we should not have that and we do not want it, and we have already started on that course to make sure it does not happen.

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Sir George Howarth

I am grateful for that response. Will the right hon. Lady, therefore, join me in condemning companies such as Redrow for being unwilling to even discuss what residents want?

Share

Ms McVey

Companies and businesses should work towards what their purchasers and customers want. Therefore, they should be listening if they want to be the best company they can possibly be. Equally, we are listening as Members of Parliament. We have all shone a light on that bad practice and we will be taking that issue forward.

We are also looking at what housing associations are doing. My right hon. Friend the Member for Rayleigh and Wickford (Mr Francois) has brought forward what is happening with Sanctuary Housing. We have a Green Paper setting out the principles that will underpin a new fairer deal for social housing residents: safe and decent homes, swift and effective resolution of disputes, empowering residents and ensuring their voices are heard.

Although we talk about the industry, we really want to support the people who are living in those houses; we are talking about homes, safety and security. We do not want people in temporary accommodation. We do not want people to be homeless; we want them in permanent accommodation, and that can only be brought about by fixing the market and making sure we build more homes, which is what we are doing.

Mike Amesbury

Weaver Vale Housing Trust covers my area as well as the Minister's. It has real concerns about the lack of clarity on funding going forward. She mentioned social housing; the key is to build more social and affordable housing. There is not clarity at present, so we are not building the numbers of homes that we need.

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Ms McVey

We are and will be building more affordable homes. We have put in a significant amount—billions of pounds—for affordable homes and have also removed the cap so councils are able to build homes, too. That is what we have to do. We are a party that believes in choice. I come from a council house. I believed in the right to buy in the 1980s to make sure people could be in charge of their own home. Homes were not being repaired properly. People bought them and looked after them. Now we have to make sure we build more homes, so there is a virtuous cycle and there are more homes. We are a nation that believes in home ownership. We need to enable people to have their own homes. We know that 80% of people want their own home. What are we doing? We want to offer an array of choice and support. As my hon. Friend the Member for South Norfolk said, this is also about the ability of individuals to build their own homes.

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Alex Cunningham

Home ownership under the Tories in the past nine years has dropped from 67% to 64%. How is the Minister going to put that right?

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Ms McVey

Through an array of support. Obviously, I have been heartened by the fact that first-time ownership has increased for the first time in 11 years. People are getting on the housing ladder. We have helped more than 500,000 people through Help to Buy and the right to buy,

and we intend to continue to do that.

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Mr Bacon

May I draw my right hon. Friend's attention to the £25 billion a year housing benefit budget, which represents 3% of all public spending? It will be £0.25 trillion over the next 10 years, and it has been £0.5 trillion over the past 20 years or so. The permanent secretary in her former Department, Peter Schofield, who used to be the director of communities in the Ministry of Housing, Communities and Local Government, came with us to Berlin to look at more creative and innovative ways of delivering housing. May I suggest that my right hon. Friend talks to the Department for Work and Pensions about trying to use some of that housing benefit budget —admittedly it is helping some housing associations, but it is also propping up private landlords—for capital investment in a greater quantity and quality of housing stock?

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Ms McVey

My hon. Friend will not be surprised to hear that that is exactly what we intend to do. How do we enable people to get on the housing ladder and to be homeowners in an array of homes they would like and need? How do we best use housing benefits to enable that to happen? As I have said, we have built more homes in this last year than in every one of the last 31 years. We are correcting a market that has been undeniably not supported for the last 31 years. We are getting it right. We have built more houses. Where we see the misuse of leaseholds, we will get rid of that. We will be supporting people with an array of opportunities.

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Ruth Cadbury

With due respect to the Minister, I think that the hon. Member for South Norfolk was talking about the housing benefit bill, which is not relevant to people who can buy their own homes. He was saying that that money would be far better spent on building affordable social rent

homes for people who will never be able to buy their own home. Meanwhile, the Help to Buy programme has simply increased the price of flats in London.

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Ms McVey

I did understand what my hon. Friend the Member for South Norfolk was talking about. He talked about the £24 billion that was going into housing benefit and asked how we could best use that to help to build more homes, which could include social and council homes. I understand that but, at the same time, we have to ensure that more people can get on the housing ladder.

We are at the start of building 300,000 homes a year. That is not just about the homes; it is about reshaping an industry. At the same time, we want to be a global visionary centre of expertise in building. Let us think about all the jobs that that will provide, if we have the commitment to do it together. That is why we will have a centre of excellence in the north of England to look at the best ways forward for construction and engineering. That is what a determined Conservative party is going to do. We are going to build the right houses, champion home ownership and make a centre of excellence for building.

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🕒 4.59 pm

Siobhain McDonagh

I thank everyone who has contributed to the debate. In the few seconds I have left, I want to ask that we ban the word “affordable” in the context of housing. “Affordable” means 80% of market rent, but the vast proportion of our constituents could never afford 80% of market rent. Let us talk about social housing rent and owner occupation, but let us also clearly address the question of what is affordable, because the “affordable housing” is not affordable.

Question put and agreed to.

Resolved,

That this House notes with concern the ongoing shortage of housing and the housing crisis across England; further notes with concern the number of families in temporary accommodation and the number of people rough sleeping; acknowledges that there are over one million households on housing waiting lists; recognises the Government’s target to build 300,000 new homes each year; acknowledges that this target has been missed in each year that the Government has been in office and that the number of homes constructed by housebuilding companies that are deemed affordable is insufficient; notes the pay ratios between executives and employees in FTSE 350 housebuilding companies; and calls on the Government to tackle the housing crisis as an urgent priority.

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