

Queen's speech: Housing reform and how stakeholders reacted

BY IPE STAFF | 19 DECEMBER 2019

The Queen's speech today has outlined plans for housing, including renters' reform and the government's intention to offer a 30% discount on homes for local first-time buyers, but some stakeholders remain unconvinced.

This Queen's speech shows the government is keen to kick-start the economy and housing market which has been weighed down with Brexit uncertainty, said Dean Clifford, co-founder of Great Marlborough Estates.

“While many will no doubt point to the failed Starter Homes programme, the proposed discounted homes for local buyers and key workers is, in fact, a perfectly workable policy and helps meet people's aspiration of owning their own property. Keeping the 30% discount in perpetuity helps overcome some of the valuation difficulties that undermined the Starter Homes initiative.

“The suggested overhaul of the planning system with a stronger focus on local needs is crucial to unlocking more supply and making housing more affordable but must be matched with increased funding for local planning departments and an insistence that deregulation does not lead to homes of poor quality or design.”

Vadim Toader, founder and CEO of Proportunity, a fintech startup offering help to buy-style loans, said: “In theory, offering discounts on homes for local first-time buyers seems a sensible and fair policy.

“However, given the considerable failure of the Starter Homes scheme, this policy must be viewed with some scepticism. What’s more, limiting this policy to local homes only restrains the opportunities available to young people, who may want to live elsewhere for better job opportunities or quality of life.”

Toader said the government is right to look for new measures to encourage homeownership among young people but should be focusing on removing the main obstacle to getting on the housing ladder: sky-high deposits.

Bruce Dear, head of London real estate at Eversheds Sutherland, said: “Overall, the Queen’s speech was the cat that didn’t meow. This isn’t surprising given the policy-lite Conservative manifesto.

“However, there were interesting ideas on housing and planning. On housing, the government knows it can’t claim to deliver the “people’s priorities” unless it houses all of the people. If it survives consultation, a First Homes programme of permanently discounted homes for local residents and key workers would help heal the divide that scars our society – the housed and the unhoused.

“Tory free marketers always blame the housing crisis on the planning system. Even though it could do with some simplification, this is like footballers blaming the ref when they don’t score.

“What really matters is how much will the government invest in infrastructure to incentivise house building. If it goes large (bigger even than the promised £10b Single Housing Infrastructure Fund) then we might get somewhere.”

Commenting on the renters’ reform, Billian Fletcher, director of real estate policy at the British Property Federation, said build-to-rent providers already offer longer-term tenancies, but “we agree with government that any proposals must be workable for landlords and tenants, and that requires fundamental reform of our courts”.

“There are also parts of the sector where an indefinite tenancy simply won’t work, such in student accommodation. Getting that aspect right is critical, as the last thing students need is less supply, hurting affordability. We are keen to work with government to make sure its proposals are workable.”

Franz Doerr, CEO of flatfair, a payment technology platform that allows tenants to instantly rent a home without a deposit, said the speech has made it clear that the government is focused on bringing change to the rental sector, but “their focus within the sector is misplaced”.

“The idea of deposit passporting has been around for a long time, and while it’s great in principle, in practice it is fundamentally flawed. For one, tenants still need to secure a large lump sum when they

start renting.

“Landlords are also not properly protected by the system between tenancies, especially in cases where the deductions are required or where there is a higher rent at the second property.

“We now have the technology to provide a better service, allowing tenants to rent without a deposit while also protecting landlords from any damages. We created a system that replicates the hotel check-in process where you simply swipe your card and no money changes hands.

“The next Government should double down on supporting existing solutions that are harnessing tech to transform renting and real estate more broadly.”

Commenting on the government’s net-zero plans outlined in the speech, Asif Din, sustainability director at the London studio of Perkins and Will, said: “It’s great to see the Queen’s speech outline Britain’s plans to host the United Nations Climate Change Conference in 2020, but the promise to meet net-zero greenhouse gas emissions by 2050 will require urgent and significant systemic change.”

Din said the built environment currently contributes to 40% of the UK’s carbon footprint.

“If we, as a nation, are to actively pursue an ambitious net-zero target, the property industry must have a robust response to climate change.”

This requires the development of all new cities, towns and buildings that are energy-efficient, net-zero operational and climate-resilient with immediate effect, he said.

“With the race to net-zero by 2050 firmly on, the onus is on architects, developers, and investors to develop new business models required to step-up to the challenges posed by the climate crisis, reflecting an industry with a long-term approach.”