



**Member briefing:
Grant Shapps' Housing Speech, 8 June 2010
Supporting aspiration**

Dear member,

Grant Shapps gave his first public speech as the Minister for Housing and Local Government at the RICS this morning, setting out his housing priorities to an invited audience.

His keynote was to support the aspiration for home ownership, which he said was good for people and their communities.

Specific points he made in his speech were:

- Meeting aspiration was at the heart of the new Government;
- Home ownership was a good thing and the Government would support the estimated 1.4 million people who aspired to own, but can't;
- He particularly wanted to support the 240,000 first-time buyers who could afford a home with an 80% LTV mortgage, but could not get a mortgage;
- The Government's No.1 priority was to reduce the public deficit and public debt;
- It was also desirable to prevent future housing bubbles;
- But if borrowers showed they were creditworthy the lenders needed to make loans available to them;
- He recognised the market was still very fragile. The Government would do what it could to help. Suspending HIPs had already led to a significant increase in the number of properties coming on to the market;
- More homes needed to be built to meet the aspiration for ownership, and so that in the long run houses would become more affordable;
- The Government believed in localism and powerful incentives rather than top-down targets in order to achieve this increase in building;
- The more power that was given to local communities the more they would want to do;
- He understood that transition to the new regime was not anxiety-free, but he knew the old system did not deliver;

- By releasing aspiration more confidence would be created in the housing market and for necessary investment;
- Building more homes through the new system would entrench aspiration and affordability, and;
- It was not his job to hold back aspiration.

HBF Executive Chairman, Stewart Baseley, asked the first question - pressing the Minister for early guidance on transition to the new planning system and for the early introduction of the proposed council tax incentive for allowing new home building in view of the concern and uncertainty that had been caused by Ministerial statements and letters on abolishing the Regional Strategies and housing targets. Mr Shapps said he understood industry concerns on transition, but appeared not to be aware of the widespread impact the Secretary of State's letter to chief planning officers had already had on the ground. He acknowledged there would be "an uncomfortable moment of transition". He hoped formal parliamentary statements on the abolition of the Regional Strategies and targets and transitional measures could be made within the next month. No primary legislation was required for either abolition of RSS targets or introduction of the council tax incentive. Shapps said increased financial pressures on local authorities would strengthen the effectiveness of the council tax incentive because of the huge pressure they would be under to find money for their local areas.

Other points the Minister made in the question and answer session included:

- He clearly linked building more homes to meeting peoples' aspirations, and said there would need to be a very big structural change to get supply equal to demand;
- Potential willingness in the future to consider a move away from the current slab structure for Stamp Duty if modelling showed this was revenue-neutral, subject to the public finances;
- Willingness to consider how intermediate market housing could be promoted without grant through a more flexible approach to planning policy;
- The proposed council tax incentive would apply to homes built from next April, but local authorities would shortly be preparing their 2011/12 budgets and would need to consider the implications of their planning decisions in the current year in view of this and the financial squeeze;
- Money was very tight for the affordable housing programme and other housing investment: most immediately £780 million of the previous Government's Housing Pledge funding due to be provided to CLG by other Departments had not in fact been transferred;
- He wanted to promote good design, but we should get away from national rule books on all such issues. He did not support top-down standards, but supported local approaches – including, apparently, the Mayor's proposed London Design Guide;
- He wanted to get the definition of zero carbon nailed down quickly. He would be meeting Energy Secretary Chris Huhne soon to discuss the low carbon agenda for both new build and the existing stock;
- He would be willing to look at extending the concept of local housing trusts to urban areas in future, but there would be a problem in defining the relevant local area in major urban areas and it was best to promote them in rural areas first
- The quality of the private rented sector would not be improved by over-regulation: he would not introduce a landlord's register, and;

He was not looking to upset the apple cart on HomeBuy Direct as he understood this was working: some other HomeBuy schemes were more questionable.