

## **THE CALLCUTT REVIEW** **– of housebuilding delivery**

After a year's work by himself and his team, John Callcutt presented his review of housebuilding delivery last month (November). In the audience were representatives from many of the diverse organisations involved in housebuilding. I had been invited as a representative of the selfbuild sector – I haven't been amongst so many suits for many a year! Also present was the Housing Minister, Yvette Cooper, and in the way she answered questions she showed a good grasp of the issues involved.

So what, more specifically, was the government commissioned review all about? Its brief was to examine how the supply of new homes is influenced both by the structure of the housebuilding industry and by the supply of land, materials and skills. In particular, it was asked to consider how to:

- Raise output to 240,000 housing units per annum by 2016.
- Satisfy house-buyers requirements (ie, improve quality).
- Improve the sustainability of new housing.
- Achieve mandatory zero-carbon house building by 2016.

These are worthy aspirations by the government, but can they all be met? The upbeat report concludes that they can be, provided that sufficient building land is available and that the recommendations in the report are implemented – there are 37 recommendations!

### **The 240,000 output target**

When the report was commissioned a year ago, the government's target was 200,000 new homes per annum for England. But the Housing Green Paper published last summer raised the target to 240,000 per annum by 2016. The current output is about 160,000 pa in England (and 194,000 pa in mainland Britain). Increasing output by 5% per year would achieve the 2016 target figure, and expressed in this way the target seems achievable.

In the words of the report,

*'Land is key to housing delivery'.*

The report is hopeful that the fairly new PPS3 (Planning Policy Statement 3 – Housing) will ensure there will be an adequate supply of development land. Most of this can be brownfield land (ie, previously developed land), and there is much scope for urban renewal. The historical mistrust between local authorities and developers needs to give way to partnership. (In my view, we need to find new arrangements whereby local communities welcome, rather than reject, proposals for development.) The new Homes and Communities Agency can help in facilitating partnership between public and private sectors.

Unfortunately, the last words of the review are 'over the next few years, the housing market is likely to be considerably weaker than it has been over the past decade'. It seems to me that a weak housing market (ie, stagnant or even falling house prices) would not be conducive to the big increase in housing output that is being sought.

## **Raising quality**

According to the report, housing represents 59% of the nation's wealth. Merely from an economic point of view, let alone from any other, we would like this huge investment to be of high quality. But quality of housing is difficult to measure directly. The report suggests that for new housing, a proxy measure of quality is customer satisfaction. Last year, only 77% of buyers were satisfied with their new homes.

To some extent, dissatisfaction is the fault of the buyers themselves. According to the report, 'house buyers consider price, size and location, and if satisfied on those fronts, have little opportunity or incentive for further choice'. So the incentives for housebuilders to incorporate good quality into design and construction are not sufficient. Or, as John Callcutt put it more candidly in the presentation, there are commercial advantages in not producing good quality. (I am reminded of when I built my first selfbuild. On the adjacent plot, a commercial housebuilder was making a very good job of building a dormer bungalow. It was a labour of love, he said. The superior quality would not be acknowledged by a higher selling price.)

A recommendation in the report is that the government ceases to deal with any housebuilding firm that fails to reach a high enough standard of customer satisfaction.

My own view is that house buyers need to become much better informed, so they can be more discriminating. The Energy Performance Certificate of the new Home Information Pack is a step in the right direction. Similarly, a rating under the Code for Sustainable Homes may become mandatory in the future, and that, too, would be useful information for house buyers.

But more effective, overall, could be the movement towards selfbuild. The hundreds of thousands of people who become better informed by reading selfbuild magazines and going to selfbuild shows are not going to be satisfied with the indifferent offerings of the average commercial housebuilder.

The report does acknowledge, in fact, that selfbuilders recognise quality and are prepared to pay a premium for it. (That is not to say that good quality always costs more. In my view, knowledge and flair are the two most necessary requisites.)

## **Sustainability – water**

The quest for zero-carbon is so important that the topic is considered separately in the report; but there are many other aspects of sustainability which need attention. In particular, the report looks at the availability of water, and calls for field testing of water recycling systems. (In the report, rainwater harvesting and grey water recycling are treated as though on a par, although I believe that rainwater harvesting is clearly the preferable technology. The report also suggests that a centralised, estate-wide system is desirable for water recycling – I, myself, doubt that rainwater harvesting needs to be centralised.)

## **The zero-carbon target**

The report recognises that, just as the market does not deliver homes of good enough quality, so, too, the market will not deliver zero-carbon homes. There has to be intervention by the government, and indeed the government has indicated that it will use the building regulations to require all new housing to be zero-carbon by 2016.

What does zero-carbon mean? As explained in my last few articles, the net emissions of carbon dioxide resulting from the use of a zero-carbon house for a year amount to zero. Since emissions result from the use of grid electricity, gas, oil, and coal, the technical challenge is enormous. The zero-carbon house will have to produce as much electricity, if not more, as is used within it, taken over the course of a year. However, in many situations it may be more sensible and cheaper to generate the renewable electricity off site, and once this is acknowledged a Pandora's box of possibilities is opened up. So how exactly is zero-carbon to be defined? The Treasury came up with a temporary definition for its stamp duty dispensation, but a new definition is needed.

The review contains a revealing chart which shows the critical path for the delivery of zero-carbon homes.

According to the chart:

1. The definition for a zero-carbon home should be made by the government by the end of 2008, in line with one of the review's recommendations.
2. It is generally acknowledged that the way of measuring carbon emissions in the present version of the Standard Assessment Procedure (SAP2005) is unsatisfactory for zero-carbon homes. So once the definition of zero-carbon has been decided, a new version of SAP will be necessary. This might be ready by the end of 2009.
3. Some prototype zero-carbon houses, compliant with the new SAP, are built in 2011/2012.
4. Pre-production exemplars are built from 2013 to 2015.
5. The exemplars are monitored for up to three years, taking us to the end of 2016. (What's it like to live in a zero-carbon home? Which of the new technologies work, and which are problematic?)
6. The lessons learnt from this monitoring are integrated into improved designs for zero-carbon housing during 2016.
7. It is only in 2017 that volume production of zero-carbon housing starts.
8. Production will be ramped up over four years so that all new housing is zero-carbon by the end of 2020 – rather later than the official target of 2016, but more realistic in my view.

At the presentation, everybody paid lip service to the 2016 deadline, and indeed, so do all the words in the review. But the chart seems to surreptitiously suggest another point of view.

Anyway, the report proposes that the existing 2016 Task Force becomes the body to co-ordinate and guide progress towards the zero-carbon target.

A comment made in the course of the presentation is noteworthy. Housebuilders will be able to deliver on what will be required from them to achieve the 2016 target, in particular they will be able to deliver on the fabric of the house (insulation, airtightness, etc). If the 2016 target is not met, it will be because of failure to deliver by the renewables industry...Is this the start of a blame game?

## **The role of selfbuild**

In 2004, Kate Barker, an economist, published her Review of Housing Supply. In her extensive report, selfbuild was mentioned not once. I'm pleased to say that, in the Callcut report, selfbuild is mentioned several times, and indeed a section of the report describes selfbuild as one of the three alternatives to the spec built estate.

The report estimates that 15,000 – 18,000 homes a year are selfbuilt, about 10% of the total. (As a percentage of the detached houses built, it is much higher, of course.) Selfbuild can make a contribution towards the increased volume of housebuilding required, and the neglect of selfbuild in housing policies has been a wasted opportunity. So the report recommends:

- When government and its agencies are disposing of land, they should consider the opportunity for selfbuild. They should aim to offer for sale to selfbuilders a proportion of the land in the form of small plots which have, if possible, ready access to services and other infrastructure.
- Local planning authorities drawing up their strategic housing land assessments under PPS3 should similarly aim to identify a supply of small plots for selfbuilders and for small house builders.

Despite the growing interest in selfbuild, as exemplified by the magazines and exhibitions, the numbers actually selfbuilding have not been rising, and the reason for that is simple – the limited number of individual building plots that come on the market. There is no doubt that, if the number of individual plots could be increased, the number of selfbuilds would also increase. And, I suspect, selfbuild output would increase despite any stagnation in the housing market as a whole.

## **Selfbuild and zero-carbon**

In its submission of evidence to the review, the Association of SelfBuilders drew attention to the pioneering steps taken by selfbuilders towards zero-carbon. The great majority of low carbon homes that exist in the UK are selfbuilds, and moreover many of them were built years before the government came to realise the need for them. So it is rather disappointing that this pioneering role has not been acknowledged in the report. And the review also fails to point out how useful it could be for the whole industry if enthusiastic selfbuilders were building and testing zero-carbon homes before the 2016 deadline.

The government is promoting ten new 'eco-towns'. In the development of the post-war new towns (Milton Keynes, Telford, Corby, etc) plots were set aside for selfbuild. It would be eminently sensible for the government to ensure that plenty of selfbuild plots are made available in the new eco-towns. I am sure that plenty of selfbuilders would come forward to lead the way to zero-carbon.

## **The commercial housebuilding industry**

The second half of the review describes the workings of the commercial housebuilding industry. John Callcut was for many years the chief executive of a national housebuilder, Crest Nicholson. For his exposure of the inner workings of the housebuilding industry, Yvette Cooper described him as 'a poacher turned gamekeeper'.

A short history recounts the growth of the national housebuilders. In the Thirties, housing output was higher than it is today – in the mid Thirties, amazingly, 250,000 private houses were being built in Britain each year. In those days, most of the housebuilding was by local companies, and there was only one national housebuilder – Wimpey. Now, the top ten housebuilders account for more than 40% of output. Spec built estates are much more prevalent in Britain than elsewhere, but disappointingly there is no explanation in the report of why this is so. (In many European countries, more than half of new housing is selfbuilt.)

The prime activity of housebuilders is as developers, viz, acquiring land and obtaining planning permission. The report explains why, on a large site, the housebuilder might choose to sell a portion of the site to another housebuilder, even though this housebuilder will later be selling competing houses. Perhaps one day, when a housebuilding firm sells off part of a site, they will appreciate the advantage of selling individual plots to selfbuilders – who will not later sell houses to compete with the housebuilder's own sales.

FURTHER INFO:

**The Callcutt Review**

£20, or free download from:  
[www.callcuttreview.co.uk](http://www.callcuttreview.co.uk).

**Association of SelfBuilders**

[www.self-builder.org.uk](http://www.self-builder.org.uk).

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