

Healthy Homes fact checker

Why *wouldn't* house builders want to build better quality homes and communities?

September 2024



This briefing looks at two of the key arguments used by certain house builders to push back against policies and standards that aim to improve the quality of new homes. Their myopic position is especially surprising when we know that meeting [the Healthy Homes Principles](#) is both technically feasible and viable to do so, including for social housing schemes.

Myth 1: Higher standards slow down housing delivery

A key argument we often hear from some house builders is that housing standards and planning requirements create burdensome 'red tape' which slow down the supply of homes.

Fact: Planning policy and standards are not a barrier to housing supply. Full planning consents typically exceed 300,000 units target each year¹. And this figure does not include land that has already been also allocated for housing in statutory local plans but yet to be fully consented. Developers deliver around 200,000 of those approved homes each year.

This slow pace is more closely linked to market factors. The [Consumer Markets Authority \(CMA\)](#)'s latest survey of housebuilders found that housebuilders lack strong incentives to deliver homes at pace. Volume house builders do not want to build-out homes at a rate that will undermine the resale price of those homes – the so-called market absorption rate². Delivery of new homes is also hampered by the known gaps in construction skills and labour, alongside weak investment in R&D and training³. The UK construction industry is estimated to require over 50,000 extra workers a year to meet expected levels of work in the next five years⁴.

¹ TCPA (2024) *Our shared future: A TCPA White Paper for Homes and Communities* [tcpa.org.uk/resources/our-shared-future-a-tcpa-white-paper-for-homes-and-communities](https://www.tcpa.org.uk/resources/our-shared-future-a-tcpa-white-paper-for-homes-and-communities)

² CMA (2024) *Housebuilding market study. Final report.* https://assets.publishing.service.gov.uk/media/65d8baed6efa83001ddcc5cd/Housebuilding_market_study_final_report.pdf

³ Construction Leadership Council (2016) *The Farmer Review of the Construction Labour Model.* www.constructionleadershipcouncil.co.uk/wp-content/uploads/2016/10/Farmer-Review.pdf

⁴ Construction Skills Network (2024) *Focusing on the Skills Construction Needs.* https://www.citb.co.uk/media/hwofsg5i/ctb1003_csn-rep_uk-full_aw.pdf

Myth 2: Higher standards cost more

A second argument we often hear is that it is not viable for house builders to deliver homes at a higher standard and also keep such homes affordable.

Fact: The short term ‘viability’ argument is a false economy. It fails to fully take account the social and environmental costs – or ‘market externalities’ - of poor-quality homes that are unsafe and unhealthy⁵. One in ten homes currently fail to meet the bare minimum Decent Homes Standard - costing the NHS at least £1.4bn a year to treat people, and the wider costs to society, such as lost productivity due to ill health, exceed £18.5 billion every year⁶.

There are numerous examples of housing schemes that meet the Healthy Homes Principles, including social housing projects, that have adopted comprehensive voluntary standards like the Homes Quality Mark⁷.

Adopting higher standards will also help to take advantage of growing investor demand. As the ESG and impact investment sectors continue to grow, institutional investors, such as pension funds are increasingly seeking residential real estate projects that deliver long-term returns and genuine value^{8,9}. More progressive house builders are already recognising this opportunity.

Every home should be a Healthy Home

The CMA report found the house builders have weak incentives to compete on quality and that consumers have unclear routes of redress. They found a ‘substantial minority’ of developers delivered projects with serious structural problems, such as collapsing staircases and ceilings. Among various recommendations, the CMA has called for a single mandatory consumer code and activation of the New Homes Ombudsman Scheme.

‘Housebuilding in Great Britain needs significant intervention so that enough good quality homes are delivered in the places that people need them.’

Sarah Cardell, CMA Chief Executive

The [Campaign for Healthy Homes](#) is calling on the government to set in place mandatory and comprehensive Healthy Homes Principles to create a level playing field and ensure new homes and communities are designed and built to protect people from harm and benefit their health. This is outlined in our [Healthy Homes Bill](#).

Leading actors in the built environment sector agree that clearer regulatory standards are needed to create greater certainty and improve outcomes. Key associations, like the Royal Institute of British Architects and Chartered Institute for Housing have called for better standards and endorsed the Healthy Homes Principles. They, alongside several housing

⁵ TRUUD (2023) *Valuing the ‘external’ social costs of unhealthy urban development*. <https://truud.ac.uk/wp-content/uploads/2023/12/Valuing-the-external-social-costs-of-unhealthy-urban-developments-1.pdf>

⁶ BRE (2023) *Poor Housing Costs £135.5bn Over 30 Years*. <https://bregroup.com/news/poor-housing-will-cost-over-135.5bn-over-the-next-30-years-without-urgent-action>

⁷ TCPA (2024) *Securing healthy homes at the local level*. www.tcpa.org.uk/resources/healthy-homes-principles-a-guide-for-local-implementation

⁸ Impact Investing Institute (2021) *Is there an investment case for social and affordable housing in the UK?* www.impactinvest.org.uk/wp-content/uploads/2021/10/Is-there-an-investment-case-for-social-and-affordable-housing-in-the-UK-Precis.pdf

⁹ CBRE (2021) *ESG and Real Estate: Top ten things investors need to know*. https://mktgdocs.cbre.com/2299/9b4c66f8-e28f-45ad-bc63-a6ce2a8c8e34-442694595/ESG-Investor-2021_oxxg.pdf

associations, developers and urban designers, such as HablInteg, Wates and Tibbalds have also signed up to our [Healthy Homes Pledge](#).

You can sign up and find out more about the Campaign for Healthy Homes here: tcpa.org.uk/collection/campaign-for-healthy-homes
