

BRE evidence to Inquiry into the Quality of New Build Housing in England, sent electronically to the APPGEBE Secretary, Graham Watts OBE c/o APPGInquiry@cic.org.uk on 29th October 29, 2015

Introduction

BRE welcome the All Party Parliamentary Group for Excellence in the Built Environment call for evidence, BRE has an unrivalled history of research and expertise in construction and other aspects of the built environment stretching back for over ninety years. The constituent companies within the group gift aid their profits to the BRE Trust (a registered charity) to undertake research and education for the benefit of the built environment.

BRE occupies a unique position, both as the UK's de facto centre of excellence for the built environment and in terms of its track record and expertise in promoting sustainability. It was the first organisation in the world to develop and operate certification schemes to promote the development of sustainable buildings, and now has over twenty years' experience in this field, and therefore feels well qualified to respond to this call for evidence.

Experience to date

Both consumers and businesses welcome certainty, and look for reassurance that the value of what they invest in today will not be undermined by future changes in policy. An essential ingredient of this is a stable National policy framework, which will provide a sound basis for business investment and help to promote consumer confidence. Conversely, rapid and/or unpredictable changes in policy are likely to damage confidence.

In a number of areas over the last decade or so, the Government has provided a commendably consistent and well-understood policy framework. One obvious example is the Climate Change Act and the binding commitment to reductions in carbon emissions, which has been reconfirmed by successive governments. In a speech given at Lloyd's of London in September 2015 the governor of the Bank of England (<http://www.bankofengland.co.uk/publications/Pages/speeches/2015/844.aspx>) stressed the importance of addressing the threat of climate change, stating that "once climate change becomes a defining issue for financial stability, it may already be too late".

The fact that the UK Sustainable Development Strategy from 2005 has survived changes of administration also indicates a degree of continuity, although some critics have suggested that in recent years the Government has merely paid lip service to the concept of sustainable development. In particular, there has been criticism that the National Planning Policy Framework and associated changes have promoted a narrowly defined economic aspect of sustainability at the expense of a consideration of wider economic impacts (e.g. for future generations, or for the NHS) or of social and environmental factors.

The recent [UK Construction Industry Report](#) indicates that clients' overall satisfaction with housing projects in 2015 was 74%. The report notes that while this is the same as the previous year, it is well below satisfaction levels seen over the 10 years between 2003 and 2012, when this proportion varied from a low of 81% to a high of 88%.

On a similar theme, the HBF's customer satisfaction survey (<http://www.hbf.co.uk/policy-activities/customer-satisfaction-survey/2015-results/>), while finding that over 86% of respondents said they were satisfied with the quality of their new home, it also found that 93% had reported defects to their builder, with 20% reporting 16 or more problems.

Both of these surveys suggest that achieving the Government's aim to increase the supply of new housing while at the same time improving customer satisfaction is likely to be a significant challenge for the industry.

Potential ingredients for future success

The experience of the past suggests that there are some key ingredients for the success of policy in future. These include:

- A clear long-term direction of travel, to allow reasonable certainty for business investment and commitment to innovation
- Consistency
- A relentless focus on implementation, covering both necessary detail and resourcing. In contrast, frequent announcements of new policy initiatives and re-brandings serve to create confusion and undermine confidence, and too often appear to have more to do with chasing media headlines than with substance
- Ensuring that regulations and standards help to drive improvement and innovation. This means ensuring that regulations are properly and rigorously enforced, and encouraging the use of voluntary standards that are demonstrably rigorous and independent. There should be no place or opportunity for producers (whether of housing or cars) either manipulating testing regimes or of "marking their own homework". The recent scandal around the testing of emissions from diesel-engine cars shows how rapidly consumer confidence can be eroded and the scale of damage – both reputational and financial – that can be suffered by businesses. Trust and reputation, once lost, can be very hard to regain.

Practical examples

There are already areas where respected voluntary standards, rigorously and independently assessed and certified, have combined both consumer and producer interests to bring about changes in the market.

One example is in the commercial property sector, where increasingly landlords, tenants and purchasers require property to have been assessed against a standard such as BREEAM. In this case both producer and consumer interests coincide to a large degree: a landlord wants a building that is high quality and can thus command high rents; a tenant also wants quality and a building that is comfortable and healthy for its occupants; and both benefit from a building that is efficient in its use of resources such as energy and water.

There is currently less congruence of interests between producers and consumers in the housing market. House builders rarely have a long-term interest in the housing they build for sale, while in the short term purchasers' main consideration may well be price, particularly if they are first-time buyers struggling to afford a mortgage. In such circumstances there is a real risk that quality and resource efficiency may suffer.

What is more, there is a strong body of evidence that poor quality housing creates external costs, for example in the form of poorer health (a cost both to individuals and to the NHS), reduced biodiversity, or buildings that need to be replaced within a few decades rather than centuries.

Research undertaken by BRE, for the Environmental Audit Committee, and now updated and published (<http://www.bre.co.uk/filelibrary/pdf/87741-Cost-of-Poor-Housing-Briefing-Paper-v3.pdf>) show that the worst 20% of our homes contain serious health and safety risks that are costing the NHS over £1.4bn per annum. If we widen the definition of poor housing and include the rest of the UK, the figure rises to £2.5bn i.e. the cost to the NHS per annum of leaving people living in sub-standard housing. Much of this cost is avoidable through better design and maintenance. New housing is designed and built to minimise risk, and certainly the most serious hazards caused by poor and un-modernised housing (such as inadequate heating, dangerous stairs, fire safety and dampness) should not be present. However, even new housing carries a measure of risk; for example, all homes of more than one storey will have stairs, which always represents a risk in itself. Similarly, where household incomes are low, even a reasonably energy efficient home might contain a household in fuel poverty. In addition, homes that are badly designed with poor noise insulation, security, lighting or space standards can lead to occupants suffering mental stress.

Well-designed housing developments also generate other benefits to society, which are more difficult to quantify. These include better educational attainment because children have a quiet space in which to do their homework and lower levels of child obesity because there are places to play outside safely. Vulnerable people will also benefit by feeling safer in well-designed homes and are therefore more likely to interact socially. Less money will need to be spent on policing and the other emergency services in well-designed housing schemes. Equally important for the housing market to understand, is the ability for the homes to be sold onto new owners and tenants. Those that are well designed and assist with improving the mental and physical wellbeing of its occupiers are more likely to become strong and sustainable communities, with future on-going costs to the NHS mitigated. The BRE Trust's 'Cost of Poor Housing' research suggests that the benefits to the NHS described above represent just 40% of the total costs of poor housing.

BRE has experience of developing and operating standards based on scientific research and evidence that aim to drive up quality at the level of both master planning and individual dwellings. A critical feature of these standards is that while their development involves consultation with a wide range of interests, including both producers and consumers, assessment and certification is carried out by third parties, with the UK Accreditation Service ensuring their independence.

BREEAM Communities has been used for masterplans in both the UK and internationally to improve the quality (and in many cases reduce the cost) of major developments. One of the key features of this standard is its emphasis on community engagement from the earliest possible stages in the master planning process, which can help both to improve quality and to mitigate public concerns about major new development.

At the level of the individual dwelling, it is important to help consumers to be aware of the potential benefits of higher quality – for example, in the form of lower utility bills, or reduced insurance premiums. Higher quality can also help to reduce risk for mortgage providers and insurance companies, a factor which is gaining increased attention as awareness of risks grows, thanks to the work of bodies such as the Climate Change Committee and Adaptation Sub-Committee, and the recent speech of the governor of the Bank of England.

There are already housing standards such as Passivhaus, a technical standard developed in Germany which focuses exclusively on energy efficiency. BRE has recently developed the Home Quality Mark, which covers a wider and more rounded range of issues (including such things as air quality and materials). Despite the standard's scientific underpinnings, it aims to convey the key elements relating to quality and cost in a very simple and straightforward way to consumers. Our work in developing the Home Quality Mark has highlighted that consumers do not only define "quality" as the number of defects. While important, it is a much wider issue with concerns over quality of community, quality of life within the home (including daylight, space, air quality and overheating) as well as actual running costs. Further information can be found at www.homequalitymark.com/research

We consider that voluntary standards such as these have a crucial role to play in both informing consumers and in driving quality and innovation in housing. While such standards may be supported by industry it is fundamentally important that they are subject to independent assessment and certification in order to build consumer trust. Government endorsement of the principle of using independent third-party assessment and certification schemes to drive quality and innovation in the house building industry could be a valuable step forward. The VW scandal has shown that consumer trust can rapidly diminish therefore independent certification can only help to protect the consumer but also brands to ensure that are delivering what is being claimed to protect their commercial reputation.

Moreover, in the context of the planning system, much of the opposition to new housing over the last 20 or 30 years has focused on poor quality layout and construction, together with the fact that much new development has little relation to or respect for existing communities. If there is to be greater public acceptance of much-needed new housing then higher quality is essential, both at the master planning level and in relation to individual homes.

BRE has also lead a research programme called AIMC4 (<http://www.aimc4.com/>), which was aimed to demonstrate that higher levels of construction can be achieved, without sacrificing quality through industrialising house building. The project addresses how to deliver 240,000 homes whilst meeting ever-increasing quality, legislation and customer needs with less available resources. In this project, the house builder's business model is re-designed to take advantage of offsite manufactured homes. The offsite manufactured homes will be measured for quality, efficiency, health, safety and material and resource waste at full site level using the new developer business model.

BRE Supports the aims of this commission to ensure that we continue to make the right long term decisions about the level of housing growth, but not by reducing the quality of construction or the communities within which we build.

Submitted by Martin Townsend