

Demand for homes signals end of the Green Belt



Warning: Call for more cheap homes

By **Steve Doughty**
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THE Green Belt could be stripped of its remaining protection after a warning to ministers that Gordon Brown's target for new homes is too low to satisfy demand.

The Prime Minister's plans for three million houses and flats over the next 12 years will fail to meet the need for cheap homes, say Government advisers.

A further 250,000 will be required, many of them to cope with immigrants, they add.

Ministers have responded by offering incentives to town halls to allow development.

Housing Minister Yvette Cooper promised councils Treasury grants running to £5,000 a home, with more cash on offer for those who actively seek out new sites for housing.

Critics called the payments bribes to persuade town halls to ignore the protests of residents and voters.

Countryside campaigners warned that the Government is now ready to tear up the rules that protect the Green Belt, the treasured open spaces established around cities 50 years ago.

Yesterday's demand for further new housing followed a succession of reports delivered to ministers saying the green belt should be opened up for development.

The latest was produced by the National Housing and Planning Advice Unit, a body staffed by economists set up by the 2004 Barker review of housing.

That inquiry, headed by Mr Brown's favourite economist Kate Barker, recommends the scrapping of Green Belt protection.

The report presses for most of the additional housebuilding to go to the 'least affordable regions' - in other words the South.

Miss Cooper welcomed it and called for the unelected regional assemblies set up by Labour to push for the new homes it wants.

She said the document 'under-

OUR HOUSING 'IS THE MOST OVERVALUED IN THE WEST'

BRITAIN'S homes are the most overvalued of any major western economy, according to research by a leading bank.

Goldman Sachs found prices are more stretched than in other property hotspots in the U.S., Spain and Ireland.

Their report will reignite fears that the UK is on the verge of a housing crash. Average prices have trebled to nearly £200,000 since the early 1990s.

The study was published yesterday as experts at Capital Economics said house prices here were likely to drop 3 per cent next year and by a further 3 per cent in 2009.

The Government reported it had seen a 'noticeable dip' in the rate of property price growth. While the Land Registry's headline rate rose an annual 8.7 per cent in September, that is well

short of the 9.3 per cent averaged over the previous four months.

In four regions - the East and West Midlands, South-East and South-West - there were month-on-month declines, it said.

Last week the International Monetary Fund warned UK homes were overpriced by up to 40 per cent and 'vulnerable to correction'.

The Goldman Sachs study found the least expensive properties were in Italy and Germany.

It measured over-valuation by comparing rental income with the cost of borrowing. If a property fails to produce enough rent to cover mortgage costs, it suggests it is overpriced.

After inflation, the bank said, prices in the UK had risen faster since 1997 than in any of the nine western economies it surveyed.

lines yet again where it is so important to build more homes for future generations and it should provide a further wake-up call to regional assemblies to support the homes young families and first-time buyers need'.

Her incentive payments will go to councils which allow housing to grow at a high rate.

After a growth rate of 0.75 per cent a year is passed, they will receive £1,100 from the Treasury on top of money they are allowed to extract from developers under 'planning gain' rules. In four years' time this will rise to £5,000 for every home built.

There will also be more money for 'councils who are identifying good sites for more homes'.

This comes on top of Whitehall grants already paid to town halls which speed up planning permission for developments. The National Housing and Planning Advice Unit report said Mr

Brown's target of 240,000 homes a year should be raised to 270,000.

The body's chairman, Professor Stephen Nickell, said: 'If we fail to act a generation of buyers will be unable to get a foothold on the housing ladder.'

The report revealed that Whitehall is preparing to raise its estimate of the number of homes needed for immigrants.

Neil Sinden of the Campaign to Protect Rural England said the advice unit's report 'bears little relation to what needs to happen in reality'.

Robert Whelan of the Civitas think tank, added: 'Ministers like Yvette Cooper always talk about homes for young families and first-time buyers. Everybody knows the biggest cause of demand for housing is immigration.'

'Most people think it would be better to restrict immigration than abandon the green belt.'

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