

NO HOMES FOR NURSES

HOW NHS LAND IS BEING SOLD OFF
TO BUILD UNAFFORDABLE HOMES

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INTRODUCTION

We are in the grips of a housing crisis. By selling off public land to private developers, the Government is making it worse. If that land were put to public use, we could build the homes we need. That's why we're working with communities to take control of our housing.¹

In this briefing we look specifically at the NHS sites which have been sold so far under the Government's public land sale programme.² These include hospitals, community health centres, and other health service infrastructure, which have been identified as surplus by the NHS. We compare the homes planned on these sites to the average wages of NHS key workers (*see Methodology note below*).

Our analysis reveals that the sale of NHS land is fundamentally failing to produce the affordable homes we need, and is in fact exacerbating the deep affordability crisis across the UK.

By failing to use the land to meet the vast and growing unmet need for decent, affordable homes the Government is dramatically failing in its mission to "fix our broken housing market".³ Public land could be the key to solving the housing crisis, but instead is being used for more unaffordable homes, and generating record profits and bonuses for the big developers.

KEY FINDINGS

- Of the homes to be built for sale on NHS land, **four out of five** will be unaffordable to a nurse on an average salary. And where they could afford the mortgage repayments, a nurse would have to save for an average of **53 years** to afford the deposit.
- Only **one in 10** of the homes built on sold-off NHS land will be for genuinely affordable social rent. (There are **1.2 million** English households on the waiting list for social housing.)
- The average expected sale price for these new homes, based on area estimates, is £315,279. This is **10 times** the annual salary of a nurse.
- In London, the average expected sale price is £561,589 – **18 times** the annual salary of a nurse.
- In London, across all sites, **no homes for sale will be affordable to NHS key workers**, including nurses and midwives. And even if they could afford the repayments, the shortest time it would take an NHS key worker to save for a deposit in the capital is **117 years**.

IN MORE DETAIL

Nationally, 59 sites have been reported sold by the NHS as part of the Government's public land sale programme.

80% of the homes being built on NHS land are for market sale, the **vast majority** of which are out of reach for NHS key workers. The other 20% of proposed houses are classified as 'affordable' but only half of these are for genuinely affordable social rent, with many of the rest at 80% of market rent.

Of the homes for sale:

- 80% are unaffordable to nurses
 - Where a nurse could afford the mortgage payments they would have to save for an average of 53 years for a deposit
- 91% of the proposed homes would be unaffordable to clinical support staff
 - Where they could afford the mortgage payments they would have to save for an average of 58 years for a deposit
- 80% of the proposed homes would be unaffordable to ambulance staff
 - Where they could afford the mortgage payments they would have to save for an average of 50 years for a deposit
- 78% of the proposed homes would be unaffordable to a midwife
 - Where they could afford the mortgage payments they would have to save for an average of 51 years for a deposit

The average price of market-rate housing across the areas in which the sites are located is £315,279. This is:

- 10 times the annual salary of a midwife
- 10 times the annual salary of a nurse
- 11 times the annual salary of infrastructure support staff
- 12 times the annual salary of ambulance staff
- 17 times the annual salary of clinical support staff

THE VIEW FROM LONDON

In London 82% of the planned homes will be built for market sale. **None of these are affordable to NHS key workers** on average salaries. If they were, the shortest time it would take an NHS key worker to save for a deposit is **117 years**.

The average price of market-rate housing across the London areas where the developments are being built is £561,589. This is:

- 17 times the annual salary of a midwife
- 18 times the annual salary of a nurse
- 21 times the annual salary of ambulance staff
- 29 times the annual salary of clinical support staff

FAILING TO BUILD AFFORDABLE HOUSING IN LONDON

Public land – which is owned by all of us – is being sold to developers so that they can make massive profits, and in some cases avoid affordable housing requirements altogether.

The Government has suggested that it will give NHS workers ‘first refusal’ on any of the affordable homes developed on NHS sites, with Jeremy Hunt saying that this will provide homes for 3,000 families. In London, this ‘first refusal’ on some ‘affordable’ homes may be worth little. We found that on **only one site** would homes produced at so-called ‘affordable rent’ be affordable to a nurse on an average salary.

It would take an average midwife over a century to afford the deposit for a market-rate home in Enfield, where Chase Farm Hospital is being redeveloped into 138 residential dwellings. The council has a borough-wide target of 40% affordable housing, but the scheme has been approved with **only 13% affordable housing planned**.

Public land, previously the site of vital health services, is being sold off to provide luxury homes that are unaffordable to the vast majority of people. In one development in St John’s Wood, a community mental health unit has been sold to make way for a luxury development for the super-rich. Three five-storey town houses are being built on a street where a four-storey property is estimated to be worth £3.75 million, **121 times the annual salary of a nurse**. The developer is not building any affordable housing on site.

FAILING TO BUILD AFFORDABLE HOUSING ACROSS THE COUNTRY

While London may be the most extreme example of unaffordable housing on NHS land, developers have avoided affordable housing requirements across the country. In Stoke-on-Trent on the former site of Bucknall Hospital, which has been serving the local community since the 19th century, Keep Moat are building **201 two to four bedroom houses, not one of which will be classed as affordable**. The developer successfully negotiated with the council to avoid having to build any affordable homes, instead making a meagre contribution of around £209,000 to the council for use in building affordable housing in the area.

And on the site of Castle Hill House, a former NHS residential care home in Dorset, Holton Homes are selling 36 one to two bedroom **luxury homes** 'off plan', and again building **zero affordable homes**. In this case, the developer has even managed to avoid making a financial contribution **of any size** to affordable housing.

Developers are also using **loopholes in the planning system** to evade building affordable housing on the site of former hospitals and other NHS facilities, even when their planning permission requires it. In West Yorkshire, on the former site of Pontefract General Infirmary, Wakefield Council required Persimmon Homes to deliver 30% affordable housing on the site for their scheme to go ahead. Persimmon initially accepted this and proceeded with the scheme, but later went back to the council and pleaded '**financial inviability**', successfully negotiating to reduce the proportion of affordable homes on the site to just **6%**. That amounts to only 7 of the 124 homes to be built. Despite their claims of 'financial inviability', Persimmon made pre-tax profits of **£775 million** in 2016, and the Persimmon CEO paid himself a bonus of £110 million this year, with the Chair of the Board being forced to resign because of the scale of this handout.⁴

Across the country, **former public land is being swapped for luxury developments**, which are doing nothing to solve the housing crisis. In the expensive South East market town of Sudbury, 12 luxury homes are being developed on the former site of St Leonard's Hospital, which served the community since 1860. But despite being in the overheated South East property market, where there is huge demand for affordable homes, the development is delivering zero affordable housing.

THE ALTERNATIVE

The UK is facing a crisis – homes are increasingly unaffordable and unsuitable for millions of people across the country.

By selling off public land to the highest bidder, and delivering more unaffordable homes, the Government is missing a key opportunity to start solving the housing crisis.

The single biggest thing the Chancellor could do to kick-start the real change people need is to set up a People's Land Bank.⁵ Instead of selling off public land, the Government could use surplus public sites to start building the millions of genuinely affordable homes we need. The People's Land Bank would be a ring-fenced, national stock of publicly owned land exclusively earmarked for the development of genuinely affordable housing built in direct partnership with communities and in direct response to community need. The stock of surplus public land could be complemented with selectively acquired land on the private market, which would allow the government to build the millions of genuinely affordable homes we need, in the places we need them.

Across this Parliament alone, using only public land, **the Government could build 320,000 genuinely affordable homes** in partnership with communities, local authorities and housing associations.⁶

Public land is an asset for all of us, and should be used for community benefit. The housing crisis is the biggest domestic policy challenge in decades, and the Government should start seeing surplus public land as a key tool for solving that challenge, not an asset to be sold to developers who will fail to build genuinely affordable homes.

A NOTE ON OUR RESEARCH METHOD

Main data source: Annual report of Government Land Sale, Feb 17 (covering sales 15/16 and 16/17).⁷

METHODOLOGY

NEF searched council planning portals for the planning documents for each site to find the number of market dwellings, and number and breakdown of affordable housing proposed for each development. We were able to find details for 49 out of a total of 59 sites sold by the Department of Health in 2015-16 and 2016-17.

We then calculated the total affordable and social rent dwellings planned as a proportion of all the dwellings proposed.

For the affordability for key workers question, we took average price of newbuilds from 2015 to the present in the first half of the postcode of each development. We got the data from the Land Registry Price Paid database, and took the average of over 100 properties where possible.

We took the annual salary of key NHS workers (nurses, midwives, infrastructure support staff, ambulance staff and clinical support staff) from the NHS's own statistics.⁸

We have calculated whether key NHS workers could a) afford the monthly repayments for dwellings on the site, and b) how long it would take them to save up for the deposit to buy a dwelling on the site at market rate.

For these calculations, the following assumptions were used. These were based on methodologies in similar studies, where possible:

Assumption	Reason	Source
Single full-time worker		
20% deposit requirement	“About two thirds of first time buyers (64%) pay a deposit up to 20% of the purchase price.”	English Housing Survey 15-16
25 year mortgage term	Typical mortgage term	
3.34% fixed interest rate	Current UK Average Mortgage Rate, used by IPPR in their recent report on affordability	Totally Money Mortgage Rate Calculator
Monthly salary after tax = monthly income - 20% tax + national insurance contribution	This is the maximum monthly salary after tax someone could have, but they are likely to have less if they have a student loan to pay off, for example.	Take-Home Tax Calculator
45% or less is an affordable amount of your take home salary to spend on housing	Shelter say 35%, but generally people may be able to spend more than this, which we have factored in. However: “on average, those buying their home with a mortgage spent 18% of their household income on mortgage payments.”	English Housing Survey 15-16
People can save 5% of monthly income after housing costs (which we assume are 45% of their salary)	Resolution Foundation uses 5% of disposable income for low- to middle-income families.	Resolution Foundation, Living Standards 2017 Figure 18

¹ New Economics Foundation (2017), *Save Public Land* campaign, at <http://neweconomics.org/save-public-land/>

² Department for Communities and Local Government (2017), *Public Land for Housing programme 2015 to 2020: annual report*, at <https://www.gov.uk/government/publications/public-land-for-housing-programme-2015-to-2020-annual-report>

³ *The Telegraph* (2017), 'Theresa May to 'lay down a challenge' to fix the 'broken' housing market', at <http://www.telegraph.co.uk/news/2017/10/14/theresa-may-lay-challenge-construction-industry-build-homes/>

⁴ *The Guardian* (2017), 'Persimmon chair quits over failure to rein in CEO's 'obscene' £100m+ bonus', at <https://www.theguardian.com/business/2017/dec/15/persimmon-chair-resigns-chief-executive-obscene-bonus>

⁵ New Economics Foundation (2017), 'People's Budget for the 21st Century', at <http://neweconomics.org/2017/11/peoples-budget-for-the-21st-century/>

⁶ New Economics Foundation (2017), 'People's Budget for the 21st Century', at <http://neweconomics.org/2017/11/peoples-budget-for-the-21st-century/>

⁷ Department for Communities and Local Government (2017), *Public Land for Housing programme 2015 to 2020: annual report*, at <https://www.gov.uk/government/publications/public-land-for-housing-programme-2015-to-2020-annual-report>

⁸ NHS Digital (2017), NHS staff earnings publications, at <https://digital.nhs.uk/article/6742/Staff-earnings>