

News Release

HOUSE BUILDERS ASK DARLING FOR LIFELINE

UK house builders are calling on Chancellor Alistair Darling to avert a worsening crisis in the housing industry by giving guarantees to support fundraising by mortgage lenders.

The House Builders Association (HBA), the UK's largest trade body representing the industry, says that additional funding is needed to avoid catastrophic results for the housing market and the wider economy following a week in which the Government confirmed the nation is heading towards a recession.

In a letter to Alistair Darling, the HBA - a division of the National Federation of Builders – argues that the collapse of mortgage availability has led to the current industry crisis and propelled the UK economy towards recession.

The Council of Mortgage Lenders has already forecast that net lending in 2008 will be £40 billion compared to £108 billion last year and could fall even further in 2009.

While the HBA welcomed the Government's recent banking recapitalisation and objective to restore lending levels it argues that this will not happen unless the Chancellor can guarantee mortgage lending.

Roger Humber, strategic policy advisor to the HBA, believes this would pose little risk to the public purse since all new lending will be done on very conservative terms for the foreseeable future.

Roger said: "A functioning housing industry is vital to the welfare of the wider economy, it simply cannot be allowed to fail.

"The Government rightly set aside the moral hazard of intervening in the banking sector and we now need the same action for the housing industry otherwise its recent efforts to save our economy from a long and deep recession will have been in vain.

"There is still a strong demand for new homes and supporting that demand with new mortgages is critical to our industry's survival and its ability to increase output, helping to mitigate the worst effects of the recession."

The HBA represents 900 predominantly privately owned, small and medium sized house builders.

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