

## Renegade Inc

### The New Build House of Cards

**Ross** [00:00:28] Welcome to Renegade Inc. the show that allows us to think differently. When bosses of house building companies receive hundred million pound bonuses to perform a basic commercial role you know something has gone badly wrong with our economics and also with our governance. When they can't provide quality products or decent customer service you also realize that something has gone badly wrong with their business model. Government subsidies like 'Help to Buy' have gone straight from the bank accounts of home buyers into the pockets of home builders whilst keeping house prices artificially high. So how do the so-called home builders get away with this racket? And where next for those new homeowners who having made the biggest purchase of their lives are now stuck in defective, substandard houses and a legal standard off?

**Ross** [00:01:32] Joining me to discuss Britain's new build house hell are the designer and CEO of Open Systems Lab, Alistair Parvin and the engineer and home buyer, Paul Smith. Paul you are a homeowner - an unhappy one at that - you used 'Help to Buy' to buy your home. It's a new build home and you're experiencing a lot of the problems that a lot of people who buy new built homes in the UK are experiencing. Tell us about it.

**Paul Smith** [00:01:57] Right from day one it's been a chore. We've had everything from the usual snags through to larger defects...

**Ross** [00:02:06] You expect some snags on a new build...?

**Paul Smith** [00:02:07] You do. We currently stand at about 100/100 plus defects. Some of them major defects. I have a chimney that appears to have mortar falling out of it. That sits conveniently over my neighbor's back door and it's never once been structurally investigated up close. I also have drainage problems. The drainage problems are significant. I have subsided pipes underneath my floors. I have drains that are violating building regulations in both the front and the rear gardens. I also have neighbours with similar drainage problems - subsiding pipes and incorrectly fitted drains - that feed into my drainage system and compound my problem. We've had everything from cupboard doors falling off. The typical toilet seats falling off. Up to the more serious where we've had to abandon the house, take my children and my wife - including my disabled child - to my mother's house to sleep for the night because we have no working drainage. It's been hell. Mentally, physically, financially I've had to fight this with legal teams. I've had to uncover and use my engineering background to determine that what appears to be a mundane problem is not a mundane problem and actually goes a lot deeper. This is like an onion, peeling layers upon layers of problems to find more problems. I live in a house without any building regulations at this moment in time. Been living in the house a year. How I can be living in a house without building regulations or building control agreeing that the house is build worthy or fit for habitation, I don't know, I don't know how that can happen.

**Ross** [00:03:41] What has been the response of the house builder?

**Paul Smith** [00:03:43] They've been uncooperative. In the beginning they were cooperative. They were appearing to be supportive and willing to solve the problem but as you find the more deep rooted problems and look deeper and deeper they tend to step away and not want to get involved. My opinions would be that they want a quick fix. They

want to walk away from the problem as fast as possible, as cheaply as possible without any recourse and without anybody else finding out.

**Ross** [00:04:11] And is it the case that - for instance take your drains - if they do admit some fault then blame comes into the equation and then liability. Is it the case that actually saying nothing at all or pushing all these problems down the line is in their best interests? Or is that too cynical?

**Paul Smith** [00:04:28] I believe... I believe it's best that they don't be publicly admitting that there is a problem because liability does come into it. And then contracts come into it and then... and then it's a case of people having to adhere to contracts. Plausible deniability comes to mind. If you're unwilling or you decide that you're not going to agree that there is a problem then you can plausibly deny that you need to fix the problem.

**Ross** [00:04:54] How many other people across the UK - in your estimation - are in the same predicament that you're in? They've paid a lot of money. They've used a government subsidy to buy a home. They're now in it and it's not fit for habitation?

**Paul Smith** [00:05:05] Basing that on what I know - a reference - which would be the the area I live and the particular development I live within. I know that there are a substantial amounts of people just within my immediate vicinity that are unhappy. I would suggest that 25 percent are easily unhappy with their house and the situation and the way that the developer has handled the situation. And that is purely just on my doorstep. I also talk to varying different people on Twitter. I can see that the problem is huge. And this is not one particular developer, it's across the board.

**Ross** [00:05:38] Alister, let me put this to you as a man who comes from an architectural background, this is all about property development and the land issue - a fair bit - building houses for developers is a total and utter inconvenience.

**Alastair Parvin** [00:05:49] Yeah. Yeah. And I think that's the root of this things. You know we keep hearing these stories and then we keep reading the headline and then a few months later we read the same basic headline and sometimes it's about defects. Sometimes it's about small homes being, you know, dark, poor quality homes, unhealthy homes. Sometimes it's about, you know, you remember the whole scandal about double selling so essentially selling the freehold and the leasehold separate etc... And yet what we keep not doing is connecting the dots underneath. We keep saying, "Oh it must be bad developers. They must be not doing their job properly" and of course actually the truth of the matter is the exact opposite. They are precisely doing their job properly but we have a public and political misunderstanding of what these companies do.

**Ross** [00:06:30] Right.

**Alastair Parvin** [00:06:30] Now a lot of that is rooted in the fact that - as you say - we call them house builders despite the fact that that is not their business model.

**Paul Smith** [00:06:38] No.

**Ross** [00:06:38] What's a better term for them?

**Paul Smith** [00:06:39] They are... they are people that manage contractors. They are a contracts management company. They have one job to do, the one job that they have to

do is manage the contractors that are working for them and it's the one job that they don't do.

**Alastair Parvin** [00:06:51] Yeah, I mean if you ask them - this sounds incredibly geeky - one of my favourite government reports ever was the ? review of house building delivery in 2007. It was wonderfully honest and it set this out really really clearly. Their business model... the phrase they would use is the current trade model. What that means to you and I is their job is to buy land and sell it for more than they bought it for. That's it. Right.

**Ross** [00:07:12] But unlocking...

**Alastair Parvin** [00:07:12] And so if... sometimes, you know if they have to build a house in order to do that to sell it - and they're not selling it to you by the way, they're selling it to the mortgage market...

**Paul Smith** [00:07:20] Yeah.

**Alastair Parvin** [00:07:20] If they have to build a house that's an inconvenience that they have to do but of course on a lot of cases they are land speculators and of course a lot of time what they can do is capture the land value uplift - brought about by planning permission or new infrastructure or whatever it might be or just rising house prices - and then just sell it on without even building any homes. And for that, that's their optimum outcome.

**Ross** [00:07:37] Right.

**Alastair Parvin** [00:07:37] And this is one of the bizarre features of the way that we comprehend housing and land in relation to wealth in the sense that, you know, we measure this massive inflation in house and land prices which has been sort of something like 4000 to 5000 percent in the last half century and that was inflation, it wasn't growth rate, right. It was the same houses they just doubled in price. And for years we sort of tried to convince ourselves, "Oh we've measured it... that's a form of growth," right, because we can sell these assets. But the reality of course is that it is a form of wealth that comes at a huge cost that we don't necessarily account for which is the cost on businesses, the cost literally on all of us which is the rising rents and our mortgage payments going up. And then of course the social cost...

**Ross** [00:08:16] But the human and social costs...

**Alastair Parvin** [00:08:16] The human costs...

**Ross** [00:08:17] That's the biggest cost, is it?

**Alastair Parvin** [00:08:17] Right which is, well what is the cost of you having to occupy so much, the stress, the effect that has on your family, etcetera, etcetera. How do you measure that?

**Ross** [00:08:26] Because as an engineer what we want you to do is go out and engineer stuff and not have to move your disabled boy around in the middle of the night.

**Paul Smith** [00:08:34] I would much rather be spending my time doing constructive things. I don't feel that me snagging a house that should have been built properly in the first place

is constructive. What you have to understand is whilst there are a huge proportion of use that are in a position to snag their houses, there's a huge proportion that aren't.

**Ross** [00:08:50] Right.

**Paul Smith** [00:08:50] And these people aren't able to spot banding courses that aren't done correctly. They're not able to spot fractures in the floor that appear to be structural. They're not able to watch... to look at drainage that's incorrectly fitted and realize that it doesn't meet building regulations.

**Alastair Parvin** [00:09:06] Yeah.

**Paul Smith** [00:09:06] The whole reason the particular estate that I'm on at this moment in time... the whole reason most of the people have their building regulations certificates is because I asked for mine and that's the only reason. We would probably still be in a position where half of them don't even have their regulatory sign off.

[00:09:19] How complicit are the conveyancing lot in all this? Because, you know, if you're talking about managing contracts and selling and using 'Help to Buy' and all the rest of it, somebody ultimately signs this off?

**Paul Smith** [00:09:33] That's an interesting concept, that's something I think I need to look into a bit further. I believe that the conveyancing process should cover building regulations. I cannot understand why I am in a position why I don't have building regulations.

**Alastair Parvin** [00:09:45] Well it's weird because usually if you come and try to sell your house in a proper secondhand home's market then... I mean, has anyone else had this? I mean I tried to do it...

**Paul Smith** [00:09:53] Yip.

**Alastair Parvin** [00:09:53] And the solicitor said, "Well you know if you don't have building regulations...

**Paul Smith** [00:09:55] So for a new build property, what's required for new real property, is the build mark warranty cover note or equivalent should it be ? a guarantee. There is an insurance document which states that the house is covered under insurance purposes and has its warranty in place. That is enough for conveyances to push for release of funds whether or not that is correct or in line with legalities I couldn't comment.

**Ross** [00:10:19] Why is there this gap when it comes to new builds that they have to...

**Paul Smith** [00:10:23] Why is there a difference between an existing property and a new build property?

**Ross** [00:10:27] Why? And how do we rectify that?

**Alastair Parvin** [00:10:29] That's a hugely complex thing because the truth is, you know, we think that building a house is... the difficult bit of building a house is building a house. That's not true. Building the house is the easiest bit of building a house, right, actually behind the scenes you have to navigate all these incredibly complex sorts of legacy systems...

**Ross** [00:10:46] Like what? Just give us an example...

**Alastair Parvin** [00:10:47] Speak to a house... just getting the utility companies to turn up and install the utilities at your site is a huge headache.

**Ross** [00:10:52] Right.

**Alastair Parvin** [00:10:53] Navigating building regulations et cetera, et cetera, right... And so, you know, the building regulations process is actually - in a way - quite generous in the sense that it's realistic about things take time et cetera et cetera. What is interesting about what you're talking about there is the fact that the warranty insurance is given primacy rather than building regulations.

**Paul Smith** [00:11:09] It appears so.

**Alastair Parvin** [00:11:10] Because of course building regulations are in theory a regulatory instrument whereas of course any private sector company can decide to issue a warrant if they want to. And of course actually that's what the mortgage lenders really... ultimately that's what's underpinning there... you know...

**Paul Smith** [00:11:23] I mean... let's not be fooled. I mean, these warranties and these guarantees - these insurance policies - are being handed out on houses that are complete and habitable otherwise they wouldn't be handling them out so again, why am I in a position why I have no building regulations, why my house is not signed off as habitable by local authority a year down the line?

**Alastair Parvin** [00:11:42] And there's also an interesting thing which is, you know, a warranty what it actually means - in humanish - is 10 year limited defects liability insurance.

**Paul Smith** [00:11:49] Yeah.

**Alastair Parvin** [00:11:49] And of course we all know that no insurance company is just going to go, "Oh you got problem here's the money, right." It's not that easy, right. But fundamentally if that system is working properly you should be able to say, "Oh here's a defect, here's your money" and then when that becomes chronic there should be then pushback on the house builders. But clearly something in that system is not working correctly.

**Ross** [00:12:05] Is it again too cynical to say actually the warranty is another instrument to unlock this land value, to allow this capital uplift because otherwise why aren't there building regs?

**Paul Smith** [00:12:15] I believe the warranty is being used in place of the building regulations, I believe that's what's happening in a lot of cases. Or how can I talk to neighbours and see that they have completion certificates eight months after they moved in. That shouldn't happen.

**Ross** [00:12:28] Why is the government allowing this to happen?

**Alastair Parvin** [00:12:29] There's this really interesting thing where... wind it all the way back to land price inflation, right. Now usually what happens to a government if there's inflation going on, you go, "Oh that's considered to be a governmental failure. We have to rein it in" - usually by some means of taxation. Land is this weird exception where we didn't do that. We started counting it as growth. Now not only did that happen but then... so you have this situation where... coming up to the 1990s and through the 1990s governments had this dilemma which is do we rein this inflation in or do we let it continue but try and sort of tax some back and redistribute it. Guess which option they went for, right. So most developed countries in the world run on this model called The developer contribution system. You might have heard of "affordable housing or Section 106" and things like that. But one of the problems of this is that essentially makes local and national government... it puts them in a position... in this sort of ? impact with this land speculation market which nobody really asked for. The speculators didn't ask for it and actually the people working in government didn't really asked for either but we're in this sort of weird ? impact where it creates this dependency where we are dependent on these companies. And there is also a certain level of intellectual capture here going on, right. You know one of the great ironies of the system is the different between if a house builder made their money by building houses and selling them they would build as many as they could as quickly as they could. As we all know and as the Letwin review superbly articulated, that's not how it works because there are land speculators. What they do is they build them and they trickle them onto the markets to make sure that they keep prices high. So we kind of have this thing of where that speculation industry, by definition - and this is the kind of open secret - they will never ever build the quantity or the quality of homes that Britain needs because it's in their business model not to do that, right. And yet we're kind of locked into this dependency on that model to do the very thing that it doesn't want to do. And that goes into our language of the use of the term, house builder because then as house building supply gets thinner and thinner and we can't build enough houses, then ministers go, "Oh right, we need more houses. Who builds more houses? The house builders. So let's give them more subsidies" and so we get trapped consuming the same poison thinking it's medicine.

**Ross** [00:14:41] Welcome back to Renegade Inc. the show that allows us to think differently. Before we talk more about Britain's new build house hell with Alastair Parvin and Paul Smith, let's have a look at what you've been tweeting about in this week's Renegade Inc index. First up we have a tweet from Ash Sarkar. 48 percent of Persimmon's sales are assisted by Help to Buy. On average they make sixty six thousand pounds profit per sale and profits topped one billion pounds in 2018. That means your taxes are going straight into a corporation's troughs and incentivizing them to make homes more expensive to buy in the first place.

**Paul Smith** [00:15:20] This is a balancing act and at some point everything's going to be outweighed in the other direction. I believe it is something that will stop at some point because there will be a catalyst. There'll be a significant problem.

**Alastair Parvin** [00:15:30] The interesting thing about this is, it's right but also a massive understatement in the sense that yes Help to Buy adds a huge amount to land value but then the moment you give land planning permission for homes its value goes from about 2000 pounds per hectare to several million pounds per hectare. That was created by the community and the council. The moment you install infrastructure that gets it may be up to the two thousand pounds. Well that was created mostly by government. And then the moment you give it military protection that gets it up to that point. So take away all of those things, its land value is... well zero.

**Ross** [00:16:01] Next from Medeighty. Try not artificially keeping house prices inflated with scams like Help to Buy. Only home owners vote Tory and the young are mostly homeless. Next from Matt Barron. New build developers are not regulated when they should be. NHBC just sides with the developer and gives no real support to the buyer. They are getting away with thousands of pounds profit and don't care how they get there. True?

**Paul Smith** [00:16:32] Yes. I would say so. The NHBC have been little to no help to me in my situation. I'm told to refer to the NHBC to resolve issues which I find completely ironic seeing as the regulations and the guidelines that they portray don't have to be followed in the first place.

**Ross** [00:16:48] Finally from Shelter. Families going without food to pay extortionate rents for cold homes covered in mould. These are the new slums of Britain. The answer is clear. Build social housing. Too simplistic?

**Alastair Parvin** [00:17:03] I mean he's right, isn't it? But I mean one of the issues with housing is that people tend to be incredibly good at pointing out the symptoms but then they jump to an oversimplistic single solution. We need to build social housing but the idea that you can fix a broken market by just building social housing is wrong.

**Ross** [00:17:18] A lot of this issue that we're talking about, there are house builders who aren't unlocking land value and all the rest of it. Almost all of it is sponsored by two parties. One the government and two the electorate.

**Alastair Parvin** [00:17:30] Yeah.

**Ross** [00:17:30] And this is one of the few things that we are genuinely all in together.

**Alastair Parvin** [00:17:34] Yeah.

**Ross** [00:17:34] Why is that... and I think you use the word ? impact... Why have we got this sort of deal with the devil which doesn't allow us to build proper homes...?

**Alastair Parvin** [00:17:42] Yeah.

**Ross** [00:17:42] And have a genuine property owning democracy?

**Alastair Parvin** [00:17:44] This is one of those classic insider outsider problems, right.

**Ross** [00:17:47] What does that mean.?

**Alastair Parvin** [00:17:48] Basically the people on the inside never want to change anything and the people on the outside don't have enough power to change anything. Now that's actually what's interesting, is that's changing, we're seeing this massive generational shift. So actually throughout the 1990s/2000s everybody not just the Daily Mail but even the BBC would report on rising house prices as a "boom" Around 2013 that began to switch and there was this massive shift in public opinion to the point that now even the Daily Mail will talk about house price inflation as a bad thing. And what happened is actually it wasn't that suddenly a whole load of people woke up and realized, "Hold on a minute this is killing us all. Nobody benefits from this on the long run. It's just the private sector tax on our lives." No, what happened is the baby boomers realised they couldn't

help their kids and so there was this generational inside outsider problem that was happening. Now it's very very easy... one of the problems with the housing crisis... there was this fantastic paper by - I think the government office for science or something - a while ago who implausibly decided to apply their scientific minds to the problem of housing and there's a lovely line in it which said, "The problem of housing is bedevilled by rival oversimplifications."

**Ross** [00:18:54] Fantastic.

**Alastair Parvin** [00:18:54] Which is exactly right.

**Ross** [00:18:55] Right.

**Alastair Parvin** [00:18:55] So we have all these myths like immigrants are causing it, like overpopulation is causing it, it's just a supply and demand problem and as we've already talked about it's more complex than that. But at its root, yeah we could say, "Oh this is Tories versus..." it's not that simple, right. Because right now sure you could come in and I very much have a strong affinity with the kind of what's called the Georges tradition which is sort of promotes essentially replacing most taxes with a land values...

**Ross** [00:19:18] And briefly who was Henry George?

**Alastair Parvin** [00:19:20] Henry George was I believe the most read economist or something of the twentieth century but probably the most ignored in the sense that he wrote a book called Progress and Poverty which really articulated how land actually works. His ideas were behind the game Monopoly actually and yeah, has been largely ignored. But he advocated a land value tax. Now we can all say, "Oh wouldn't it be great if a government got in" but there's a kind of running joke with Land Value Tax which is that everybody says it's the one thing that privately every single person agrees with and yet everybody says will never happen.

**Ross** [00:19:52] Right.

**Alastair Parvin** [00:19:52] So...

**Ross** [00:19:52] So that's the insider outsider conundrum right there?

**Alastair Parvin** [00:19:54] It sort of is but even the insiders go, "Well actually that does make a lot more sense." But we have a kind of transition problem and one of the transition problems we have is that right now the inflated value of land which is you know - as I said just primarily driven by debt - represents more than half of the UK's net wealth. Even if a very progressive government got into power tomorrow... now they've got a dilemma, right, an all moves lose situation because they know they can't allow land prices to keep inflating forever and ever because society and the economy will break. But equally nobody wants to be the party that causes half of the value of the UK's wealth to be wiped off our balance sheet overnight. So it's much more complex than that. And everybody is locked into that. So we have to look for smarter solutions.

**Ross** [00:20:37] How much is - if you're going to divide them and just as a sort of take a stab at this - how much do you think the land under your house is worth versus the structure on top of it.



**Paul Smith** [00:20:46] The land I would assume is probably about a third of the value I would suggest.

**Ross** [00:20:50] Really.

**Paul Smith** [00:20:51] Yeah. The house itself I don't think it contributes to a lot to be honest. It's bricks and mortar at the end of the day. I would assume that the land is probably about one third and the house would probably be about one quarter of the total, I reckon. I'm pretty certain the rest is just profit.

**Ross** [00:21:05] It does come back to a government sponsored issue doesn't it?

**Alastair Parvin** [00:21:08] Yeah.

**Ross** [00:21:08] Because putting "Helped to Buy" out there or "Right to Buy" or whichever one of these - which incidentally should have been called "Helps to Sell"...

**Alastair Parvin** [00:21:15] Yeah.

**Ross** [00:21:16] Whatever these government sponsored schemes are, ultimately the business model is exploit that from the home builders...

**Alastair Parvin** [00:21:23] Well for the reason I was just talking about, most governments in recent years have had to play this weird double handed game where on one hand they have to make these announcement that looks like they want to alleviate the housing crisis but in fact most of the main policies being introduced were actively designed to do the opposite, to keep land prices high. So " Help to Buy" is the most obvious example of that. So when it kicked in in 2013 you can see house prices started...

**Paul Smith** [00:21:47] House price rise...

**Alastair Parvin** [00:21:47] Kicked off again.

**Paul Smith** [00:21:48] All it's done is inflated house prices.

**Alastair Parvin** [00:21:50] Exactly.

**Paul Smith** [00:21:50] And inflated the profits that they make... because lets be honest here, the houses don't cost any more to make than they did before.

**Alastair Parvin** [00:21:56] Exactly.

**Paul Smith** [00:21:57] So where has all this extra money gone.

**Alastair Parvin** [00:22:00] Yeah. So effectively "Help to Buy" is state sponsored subprime mortgages to replace the subprime mortgages that were running the bubble up to 2007, right. That's essentially what it is.

**Ross** [00:22:08] Isn't it ironic that Winston Churchill deemed the land market the mother of all monopolies. And now you've got a Tory government who have benefited hugely from donations from house builders. People like you have been at the detriment of that because of the quality of product that you've received and in 2019 this circus just continues

because no one - I think you referred to it before we started talking about this - as the ghost in the machine. No one has actually identified the ghost in the machine. What's the ghost in the machine?

**Alastair Parvin** [00:22:37] I mean it kind of goes deep doesn't it? Which is, what is the economy based on. We tell ourselves...

**Ross** [00:22:43] That's the poltergeist in the machine, isn't it? What is this economy? How does this economy work? How are we told it works? And how does it work.?

**Alastair Parvin** [00:22:51] Well we're told it works on the basis that wealth is primarily created by businesses investing in jobs and you know the businesses that make things, et cetera et cetera. But if you actually look at the UK economy that's a relatively small part of things, right. Okay we have this huge servicing... you know... quite significant service economy. But actually primarily this main driver of land has been effectively allowing the private capture of land value uplift. And the interesting thing - going back to your question you were talking about before - which is how much of your property prices is land vs how much is the house. It works the exact opposite way round than the way you think it works because you think it goes, well the land's worth less and then the house add to this value. No. Property follows, you know, Ricardo's law of rent, right, which is that the price is driven not by what it cost to produce but by how much somebody somewhere is willing to pay for it.

**Paul Smith** [00:23:40] It's all speculation and it's all what somebody will pay for that product.

**Alastair Parvin** [00:23:44] So effectively it's sort of... the way it's worked out is something called the residual land value calculation where effectively you say, "Right, this is how much it's going to cost us to build. These are overheads. This is our profit and the land value is what is left over at the end."

**Ross** [00:23:56] If we're talking about systemic problems - and we are in this - let me venture this Paul, that you're not really the victim of the house builder. I know that you've got a gripe with the house builder and it's totally understandable. Actually you're a victim and many thousands of other people are victims of financialization because in a sense you're getting in the way of debt vehicles which are needed to drive Q1, Q2 profits and actually you're a bit of an inconvenience.

**Ross** [00:24:24] Yeah.

**Ross** [00:24:24] So shut up. But really...

**Paul Smith** [00:24:27] That's exactly right.

**Ross** [00:24:27] But am I not voicing what's happening in the boardrooms but they're just not saying.

**Paul Smith** [00:24:31] The more I voice, the more I talk, the more I expose things, the more they push back. I've had everything from being told not to go to residential meeting through to letters that are designed to scare you and I'm not going to be scared by them. I am getting in their way because they refuse to address the problem and to be honest... let's get this right... it's all about honesty. If someone turned around and went, "Hey. Okay

we've messed up. What we actually want to do is we want to just put it right for you. I'm really sorry. Let's move you out. We'll get the problem solved. You've got all of these problems. Let's fix them all in one go." Then I would be like, "Hey. Yeah. Let's go do it." But I've not had that.

**Ross** [00:25:07] What would you give advice wise - and it's not financial advice of course - to people who are stuck in the same situation that you're in which is living in a substandard home that you've overpaid for - arguably - and now dealing with a builder that is either hostile or actively indifferent because they need to get rid of you?

**Paul Smith** [00:25:22] Reach out. There are other people out there that are suffering, there are other people out there that will try to help you. There are some good people out there that can give you good advice, legal advice as well. Look, you don't have to go far. You can look on the social networks, the social networks are awash with pictures of badly built houses, with people with horror stories. So reach out and talk to one of them.

**Ross** [00:25:44] How long does this business model go on for? Or are we logically now at the end of the road?

**Alastair Parvin** [00:25:49] Yeah. But I mean and this is something really interesting which is when you speak to people inside the house building industry - they by the way are much more clear eyed about how this works than actually the government policy makers etc. You know they're perfectly decent people and they know actually that they're running into a bit of a dead end. So in recent years we have seen them deliver, yeah, huge profits for their shareholders. And you know you'd have seen the headlines about high bonuses and things like that.

**Paul Smith** [00:26:14] Yeah.

**Alastair Parvin** [00:26:15] But actually those were entirely driven by government subsidy. That money was entirely "Help to Buy"

**Paul Smith** [00:26:20] Yeah.

**Alastair Parvin** [00:26:20] Money more or less. So they know that this model can't go on forever because eventually you run out of stuff to mine essentially, of room to move. You know, you can pursue things like class action lawsuits etc but I actually think maybe a more interesting way to approach this is begin to say, "Well if everybody is beginning to realize that this is a system that's running into a dead end, can we begin to design a different land and housing system that is investable, that is scalable and actually we can... that can even exist alongside the existing one as a kind of lifeboat." And we've started to explore ideas around this. We published a paper called, Affordable Land. You can go find it at [www.opensystemslab.io/affordableland](http://www.opensystemslab.io/affordableland), where we've set out one particular idea which is essentially inventing a new form of home ownership. But I'm sure there's many others. But certainly I think that's probably a more productive way.

**Ross** [00:27:06] And it's a much more edifying conversation than class action and legal...

**Alastair Parvin** [00:27:10] This is benefiting none of us. Let us collectively as a nation begin to transition ourselves into a new house building and land economy.

[00:27:17] ? words. Alastair, Paul, thank you both very much. That's it from Renegade Inc. this week. You can drop the team a mail [studio@renegadeinc.com](mailto:studio@renegadeinc.com) or you can tweet us @Renegade\_inc. Join us next week for more insight from those people who are thinking differently but until then, stay curious.