

CEO Forum held by The Housing Forum and Kier Living North

“New Homes with the New Communities Partnership”

Held in Leeds on 19th October 2016



***Key words:** partnerships, tenure flexibility, public sector land value, affordable and market rent and sale*

The conclusions of the Forum are:

- Flexibility in tenure mix is vital to delivery. It has to play to local conditions and circumstances and allow for exit routes.
- The New Communities Partnership offers the possibility of locally determined tenure and house type choice and more affordable housing than other routes.
- The local housing market in Leeds is dynamic and will need housing delivery at scale.
- Should individual local authorities pool resources to get the scale needed for development? Barnsley are looking to use resources to support stalled housing schemes and in Bradford, more development is needed on brown field sites as well as green field.
- A brownfield fund or programme with some equity deals would assist delivery in many northern towns.
- What is the position in planning of build out rates and pre commencement conditions?

In his opening remarks, **Paul Moore** explained that Kier have a unique offering to finance, build and service major projects and Kier Living North will move into a mixed tenure private sale offer on up to 6 major sites in the North. **Chris Harris** (Kier) then set out the detail of the New Communities Partnership – a £1bn fund to provide 100,000 new homes for public sector organisations who hold land. This is a fresh approach to provide more affordable housing than obtainable through other models. **The New Communities Partnership** allows the client to set the balance in a scheme based on their assessment of housing need, tenure mix, house types and revenue stream versus capital receipt and then for the land value to be set by an independent 3rd party. The subsequent leases are private sector taking the scheme out of right to buy or rent caps and the operating lease is off –balance sheet. The starting size of sites will generally be 50 units

and can include the regeneration of existing stock for refurbishment and relating on the open market. There are 2 main partners:

- **The Social Property Impact Fund** with Cheyne Capital .which provides the equity capital. This fund only works with not for profit organisations and requires that the social output of a scheme be assessed and delivered
- **The Housing Growth Partnership**, a joint venture between Lloyds Bank and HCA which provides development finance and gives the leverage to undertake very large schemes.

The Forum then assessed the buoyant **Leeds** housing market with **Adam Brannen**. Housing growth is critical to the delivery of the City Plan- of achieving a mixed economy with choice, affordability and accessibility in housing. From 2017, some 4,375 new homes p.a. will have to be built to achieve the target of 70,000 new homes by 2028. Home ownership will be a large part of this delivery but typical incomes (£36,000 for many) are below the £43,000 assessed as needed for basic home ownership. The council has a close understanding of the characteristics of the various settlements and complex secondary markets within Leeds.

With the government emphasising pace and delivery, **Naz Parkar's** challenge to the industry is how to remove the barriers and accelerate growth. The £3bn **Home Building Fund** provides a range of opportunities for investment in greater housing numbers and is highly flexible, covering both small schemes and those that are larger. There has been strong interest in the fund since its launch at the start of the month. The fund can support site acquisition and operate as a revolving fund; it is debt funding and available for both short term and long term site development. The £2bn **Accelerated Construction Fund** has the twin aim of accelerating supply and diversifying the market. The target is 15,000 homes and there is an ambition that 30% of these will be with modular or offsite techniques. The HCA will take sales risk on schemes which offer greater pace of delivery and the HCA may engage directly as a contracting partner with major organisations like Kier and others.

Vicky Carroll covered the role of housing associations and the growing recognition of the strength of the contribution of housing associations to building new homes. Within housing associations, development should also be seen as supporting, rather than taking away from the business. There is the future possibility of growth in surpluses gained from non-grant funded activity which could be used to support housing initiatives. Yorkshire Housing is addressing the future through a programme of transformational change which will see the service offer to customers become more efficient so freeing up resources for vulnerable groups as the difficulties of less health and welfare spending are worked through. Customers are changing – in future, a younger demographic will be targeted for new rent and ownership products and pre manufacture.

The following took part in the Forum.

- 🏠 Paul Moore, Managing Director, Kier Living Northern (Co-Host)
- 🏠 Chris Harris, National Strategic Lead, Kier (Co-Host)
- 🏠 Steve Howard, Development Director, Kier (Co-Host)
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum (Co-Host)

- 🏠 John Carleton, Partner, Arcadis
- 🏠 Nicholas Pitt, Operations Director, Central Housing Investment Consortium Ltd (CHIC)
- 🏠 Martyn Broadest, Director, Connect Housing

- 🏠 Naz Parkar, Executive Director, Homes and Communities Agency
- 🏠 Jez Lester, Assistant Chief Executive, In Communities
- 🏠 Adam Brannen, Head of Regeneration, Leeds City Council
- 🏠 Richard Burnham, Head of Housing and Energy, Barnsley Metropolitan Borough Council
- 🏠 Paul Walsh, Service Manager - Housing & Estate Services, Rotherham Metropolitan Borough Council
- 🏠 Zoe Shearman, Project Co-ordinator – New Opportunities, syha
- 🏠 Hilary Brady, Group Head of Development, Synergy Housing Solutions Ltd
- 🏠 Suzanne Benson, Partner, Trowers & Hamlins LLP
- 🏠 Vicky Carroll, Director of Development, Yorkshire Housing

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