

CEO Forum Roundtable

A Fix for the Broken Market

Hosted by NHBC
Location London
Event Date 12 December 2018

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After an eventful year with a series of announcements on affordable and social housing, the Letwin Review proposing a mix of tenure on larger sites and a consultation on new routes into affordable home ownership, including private sector shared ownership, this final CEO Forum in 2018 reviewed how far we have got in increasing supply. The Forum also explored prospects for the domestic housing market in 2019 and the ongoing impact of Brexit on the housing industry.

Andy von Bradsky framed the debate in terms of ongoing growth. 2018 will see the highest number of net additional homes since 2007 at 222,190 which is a 2% increase since last year. There have been 195,000 new build completions and 352,000 planning permissions granted. Issues of affordability and demand continue with regional variations; price rises continue in the North and West while the rate of price rises in London is slowing.

Government interventions continue to support diversity of supply. Lifting the local authority borrowing cap will enable councils to build homes and the Build to Rent guarantee is underpinning policy. There have been 32,000 registered applications for the Right to Build and 99 applications in the second wave of Garden Towns in addition to the 23 already announced. The government have signalled that in the longer term, Help to Buy will cease, allowing the market to adjust.

The Letwin Review has put forward a number of proposals in support of a diversified market and the government response is expected in the spring.

John Marr's view is that there is a consensus among most forecasters that there will be some degree of growth in the economy but we will need to bear in mind how the various Brexit scenarios will play out. Understandably, businesses are stress testing and scenario planning for a post Brexit future and attention needs to continue to focus on this. House building has a long pipeline and strategies to mitigate risk in the supply chain should be considered early in the process.

The housing market is largely domestic which provides some degree of insulation although the key factors which will impact the market are consumer confidence and the strength of wages and employment.

Government focus should continue on the supply side as well as demand. Measures to increase supply in the affordable and social sectors is welcome as is the on-going commitment to home ownership and shared ownership. More stimulus could be given to the market through infrastructure funding - stripping out infrastructure costs from the cost of development.

Specific changes in the operating environment which will have impact on businesses were highlighted by **Stephen Teagle**. Agility is key in managing these times of enormous change.

The biggest change for many years is that local councils now have the ability to borrow and commission homes more readily and become major players in housing supply due to the lifting of the borrowing cap. This change will be incremental;

CEO Forum Roundtable

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whilst many local councils have plans in place to deliver, others will take longer to establish their position or reach sufficient capacity.

The second major change is the phasing out of Help to Buy post 2023. Nearly half of current new build sales (and 60-70% in some parts of London) is supported by Help to Buy and these changes will have an impact on joint ventures, absorption rates and affordable supply across the sector.

Some consequences over the next few years could be adjustment in the land market, and more interest from mainstream builders in mixed tenure partnership working. Homes England's interventionist approach and strategic partnerships are driving pre-sales into the PRS market which is buoyant. Quality is in focus and inspection regimes and digital applications have all come into play.

The Housing Forum's 2017 report "[Future proofing housing supply](#)" identified ten key policy changes that would add to supply and it is welcome that six of these proposals have been implemented in recent government initiatives.



Comment from the Forum

"We are seeing an unprecedented rate of change, particularly in London with build to rent and affordable housing coming to the fore."

"There is a considerable expansion in new MMC manufacturers coming into the market but will need political continuity to keep this going. The infrastructure is still not in place for a viable MMC industry."

"Standardisation of products should precede MMC with standard assembly and dimensions."

James Clark explained the GLA's support for London Boroughs including £1.1bn. grant for social housing and the revenue support for a two year training programme with Future of London. In a new era of local council house building, the biggest issue is skills and capacity. The programme is comprehensive, designed by the boroughs to develop expertise in house building

The GLA will launch a digital tool in January to support a cross industry approach to help assess whether the MMC approach can work on various sites.

The GLA have responded to the Letwin Review and their starting point has been the 300,000 unimplemented planning permissions in London. The analysis in the review is underpinned by solid evidence and the most binding constraint is the absorption rate. It is the lack of savings for a deposit which affect entry into home ownership, even shared ownership, in London. The longer term recommendations of the review, in terms of long term value capture are more applicable to new town green field sites whereas in London, available sites are either

CEO Forum Roundtable

A Fix for the Broken Market

former industrial or retail units where existing use value will be higher than land value.

It still remains the case that whilst in London, improved supply through Build to Rent and SMEs contribute, because house prices are so high, it will only be more affordable housing delivery that can have impact.

Attending

HOSTS

Mehban Chowdhry	Regional Director NHBC
Andy von Bradsky	Chairman The Housing Forum
Shelagh Grant	Chief Executive The Housing Forum

GUESTS

David Culliton	Head of Pre-Construction Bugler Developments
Clare Miller	Group CEO Clarion Housing Group
John Marr	Principal, Devolved Government & Social Housing Director, UK Finance
Michael Richter	Director Formation Architects
Stephen Teagle	Chief Executive, Partnerships and Regeneration, Galliford Try
James Clark	Head of Housing Greater London Authority
Nigel Ostime	Delivery Director HawkinsBrown
Steve Rickards	Commercial Director Heatrea Sadia
Peter Wilson	Regional Technical Director Lovell
Jane Owen	Senior Strategy and Policy Officer, MHCLG
Simon Leadbeater	Director of Housing Willmott Dixon

Membership

The Housing Forum is the only cross-sector membership network that represents the entire housing supply chain on behalf of the housing industry.

With a membership of 150 like-minded organisations and businesses from across the public and private sector, The Housing Forum champions collaboration and innovation in construction to improve productivity, design and build quality.

How to join

We'd love to talk to you about the benefits of membership to your organisation.

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