

CEO Forum held by The Housing Forum and Kier 16 June 2017

'Potential direction and priorities for the new government on housing supply and standards post-election'

Key words: **flexible capital funding, maintenance efficiencies, planning issues, affordability**

Just days after the 2017 General Election, The Chief Executive Forum discussed the likely consequences for housing in the context of the minority government.

The conclusions of the Forum were:

- Many commentators are speculating over the timing of the next election and the scope for Parliament to make decisions. With so much uncertainty, many feel it will be impossible to conclude all Brexit negotiations by March 2019.
- There is concern that this could have an adverse effect on much needed funding for affordable housing so the sector should explore flexible funding options with investors to secure additional capital.
- Economic analysis has shown that in past periods, there has not been a strong correlation between political uncertainty and economic downturn.
- Starter homes and CPO reforms appear now very unlikely as the decision making process is likely to be protracted.



John Anderson set the opening context for the Forum's discussion. Early thoughts from around the industry were that in the situation of a hung parliament, various policy decisions which are controversial will not be able to go through. Private sector businesses will have to step up to provide more affordable housing. The key issue is why only a small number of local authorities are driving forward housing supply and looking for models to build homes in areas where market sale is not viable. A closer tie-in between building and long term maintenance can deliver savings if the product is designed from the outset with maintenance included. **Nigel Turner** explained that where Kier use smart technology and implant microchips in homes, maintenance issues can be anticipated with better management spend and consequent efficiencies.

Alan Benson discussed the possible impacts and consequences from a London and local authority context. It is only in London and the South East where there has been an acute undersupply of housing compared to household growth. In most of the rest of the UK there has been a much better balance. So manifesto commitments to "rebalance housing supply" only make sense if the industrial strategy is successful. The conservative election manifesto proposed a more interventionist state in many policy areas including housing. But the manifesto, like the White Paper, seems is overly focused on planning as the issue that is holding back housing delivery. But we also need to consider whether we are getting the best deal for the public money that goes into housing, whether the existing social housing stock is delivering what we need and most importantly how the seemingly dysfunctional housing market can be made to work better for those that are not fortuitous enough to already own a home.

David Gannicott pointed out that the scale of the local authority and housing associations combined provision of affordable housing is significant in inner London where the average provision is 32% compared to the UK average of 18%. The client group for housing associations has changed, affordable housing is now a more complex product catering for a wide range of incomes from a variety of backgrounds. Housing associations have been very successful in adapting to this market change. There is an economic argument for housing associations to place some older properties no longer with grant into a private sector model and create capital and capacity for development as a non-regulated body to provide for more affordable housing. The ratio of subsidy has to increase to allow the type of affordable housing needed to be delivered.

Alan Wright considered that the lack of affordable housing opportunities in the rental market and its impact on a generation had influenced the youth vote in the general election. Entry level for home ownership is now over 10 times gross salary of many graduates in London, a problem exacerbated for would be architects where the length of the course means they may have debts of £100k by the time they leave university. For the next generation of homebuyers, an over-supply that helps secure near zero capital growth seems the only option. Steps to help, include reducing the cost of the planning process, changing how pre-applications are dealt with to avoid duplication, a mechanism to ensure submitted applications are dealt with on time, independent professionals to remove the political nature of decision making in planning, providing affordable forms of housing that meet the needs of people on lower and middle incomes, and tackling the issues that reduce affordable social housing, including the prioritising of financial payments over affordable housing

The following took part in the Forum:

- 🏠 Nigel Turner, Executive Director, Kier Group
- 🏠 John Anderson, Executive Director, Kier Living (Co-Host)
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum (Co-Host)
- 🏠 Jon Wardle, Director, Airey Miller
- 🏠 Alan Wright, Partner – Architecture, BPTW
- 🏠 Paul Bridge, Chief Executive, Civitas Housing Advisors
- 🏠 Fergus Harradence, Deputy Director, Department for Business, Energy & Industrial Strategy
- 🏠 Fraser Wells, Managing Director, Durkan
- 🏠 Rory Bergin, Partner, Sustainable Futures, HTA Design
- 🏠 Tony Battle, Joint Managing Director, Kind and Company
- 🏠 James Barley, Associate Director, Countryside Properties
- 🏠 Alan Benson, Head of Housing Strategy & Commissioning, London Borough of Haringey
- 🏠 William Cornall, Director of Regeneration & Place, Maidstone Borough Council
- 🏠 Jim Martin, Senior Partner, Martin Arnold
- 🏠 Jonathan Rickard, Head of Land and Planning, Radian
- 🏠 Paul Finch, Construction & Technical Director, Sanctuary
- 🏠 Alan Townshend, Group Development Director, Southern Housing Group
- 🏠 Guy Burnett, Development Director, Thames Valley HA
- 🏠 David Gannicott, Group Business Director, The Hyde Group

The Housing Forum is grateful to Kier for hosting the Forum.