

CEO Forum Roundtable

Planning for the Future

Hosted by NHBC
Location London
Event Date 17 October 2018

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House building delivery is gaining momentum with the NPPF, strategic partnerships with Homes England, announcements signalling greater long term certainty for housing associations and the recognition of the role of local councils through the lifting of the HRA debt cap. The discussion considered how we can collaboratively plan to continue to boost delivery - of all types and tenures.

Building numbers

Mehban Chowdery gave the NHBC perspective. NHBC registrations for the financial year 2018/19 were expected to be in the region of 164,500 homes and at 155,000 completions. There is a significant shift in what is being built evident in the amount of affordable housing built with about 30% nationally but 43.5% in London. Help to Buy, joint ventures, affordable housing grant and Build to Rent are all playing a significant part in keeping building moving in London.

The drive towards Modern Building is accelerating but manufacturers should factor in the time taken to obtain appropriate certification and testing of products and systems to get to market.

Housing Associations Strategic Partnerships

Jeff Astle covered ways in which housing associations can use the new freedoms and availability of grant through the Homes England Strategic Partnership Programme to rise to the challenges of growing development programmes to meet housing needs. For bpha, the Oxford / Cambridge arc is the main focus of growth and

announcements on infrastructure plans are keenly awaited to support growth.

Strategic partnerships are planned to ensure housing associations increase their rate of house building. To meet government ambition, delivery will have to rise from 65,000 annually to 100,000 (starts by 2022 and completions by 2024). Through a bidding process, Homes England have offered flexibilities to partners to improve certainty and funding flows. In particular, what will help housing associations is certainty of future grant funding as this will give the confidence to plan into the future for larger schemes and also give the flexibility to switch tenures if needed as schemes come to a conclusion. The first round of the partnership has seen a commitment of £590m additional grant which will support 14,000 extra starts and a blended grant rate of around £41,000 per unit.

Discussion

“Homes England promise of long term cash has encouraged us to stretch financial capacity ... knowing grant is there does enable us to make quicker investment decisions”

“Housing associations combining together to tackle larger sites has positive outcomes and adds value”

“Partnership working should be recognised as a skill in its own right”

“Viability is very different for larger sites - developers need up-front cash flow and the skills sets to tackle larger sites”

“Experienced contractor/developers can help Homes England unlock strategic sites”

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The Planning System

Shaun Andrews assessed the issues of capacity and expertise in public sector planning. Due to cutbacks, the reality is that many planning teams have less capacity than in previous times and some have also lost expertise. As a result, remaining planning staff are by necessity mainly focusing on development control and therefore being able to proactively forward plan and identify development opportunities is problematic. Whilst there may be a partial solution to better equipping planning authorities by increasing application fees, government seems resistant.

GL Hearn's Annual Planning Survey which amongst other things has analysed major planning application timescales indicates that the pre application period for these applications (which is 10 units or greater) is on average around six months. On top of this it takes on average seven months to formally determine an application and this does not include further time periods to deal with potential s.106 and to discharge conditions. Clearly, in that time, market conditions can often change putting the viability of planning permissions under pressure and sometimes requiring schemes to be re-planned and placed back in the system. Clearly this represents a major challenge when looking at overall housing delivery.

Are planners focused on the right type of planning work? Over half of all planning applications determined are for relatively minor householder works. Shaun argues that this needs to be looked at more closely and another solution found for processing these allowing high skilled and qualified local authority planners to concentrate on proactive forward planning and more significant casework.

NPPF

The Housing Delivery Test - part of the revised NPPF published in July 2018 - is one area from which positive change may emanate. Shaun Andrews explained that the Housing Delivery Test, which is due to commence in November, is intended to highlight areas where numbers of homes built is below target and introduce sanctions to ensure more land is made available.

The scale of sanctions could result in an improvement in delivery. If housing delivery over the previous three years was below 95% of the target, then the local authority would have to publish a Housing Delivery Action Plan (by May the following year). If housing delivery was below 85%, then the Council will have to publish a Housing Delivery Action Plan (by May the following year) and a 20% buffer should be added to their land supply requirement. Finally if housing delivery was below 25% of target from November 2018, below 45% of target from November 2019 or below 75% of target from November 2020 then the presumption in favour of sustainable development is to be applied.

Annual results are to be published by the Ministry of Housing, Communities and Local Government in November each year.

GL Hearn has found that 55% of local authorities would have needed an action plan had the test been introduced this year, 47% would need to apply a buffer and 1% would have had to apply the presumption in favour of sustainable development. This would have risen to 39% had the 75% threshold been used.

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Discussion

“Applicants can help planning committees understand added value by talking in terms of helping communities and social value and should start this ahead of construction. This mainly “de-risks a development, but still takes the time”.

“Is there a case for the size of major developments being 50 units or above?”

Routes to accelerated delivery

Ben Denton set out L&G’s ambitions to increase supply. L&G have several delivery platforms, including L&G Homes (aiming for sites of 1,000 homes capacity), major projects (aiming for sites of 3,000 homes capacity) Cala Homes, a Build to Rent division and a modular factory. For the affordable homes sector to grow more quickly, there has to be this level of major injection of capacity into the market. L&G Homes are taking a long term view on site acquisition and infrastructure and this is necessary as the level of affordable homes provision is still not greater than the level achieved a decade ago.

The scale of L&G’s ambition is to deliver 3,000 affordable homes annually by 2022. To make this work, the organisation has to be sufficiently scaled up to drive efficiencies. This can mean working with standard house types in a delivery framework and taking units from housebuilders via s.106. L&G are keen to work with other organisations, particularly housing associations to co-invest and develop through joint ventures.

Discussion

“Issues are of procurement, scalability and capacity in the market”.

“The focus is on numbers and targets but large schemes do not get to site quickly enough ... bringing clusters of smaller sites forward can help”.



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Attending

HOSTS

Mehban Chowdery	Regional Director NHBC
Shelagh Grant	Chief Executive The Housing Forum

GUESTS

Ken Adams	Managing Director LIFE Build Solutions
Shaun Andrews	Head of Strategic Development GL Hearn
Jeff Astle	Executive Director of Development & Sales bpha
Lee Bishop	Divisional Managing Director Taylor Wimpey
Ian Burnett	Chief Executive United Living
Tim Carpenter	Managing Director Mears New Homes
Ben Denton	Managing Director Legal and General Affordable Homes
Andrew Gentry	Director Mace Cost Consultancy Ltd
Kate Ives	Development Director Wates Residential
Steve Leakey	Managing Director Higgins Construction
Mike Melly	Construction & Technical Director Sanctuary Housing Association
Jon Milburn	Group Development Director Guinness
Richard Mussell	Managing Director Rund
Jitinder Takhar	Chief Executive Officer Local Space
Jon Wardle	Director AMCM Group

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.

Contact:
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www.housingforum.org.uk