

CEO Forum held by The Housing Forum and Affinity Sutton - 27 May 2016 **"New housing partnerships for the Sheffield city region"**

Key words: land accessibility; partnership and joint venture; data driven decision making; market / sector flexibility; skills loss

The conclusions of the Forum are:

- 🏠 The housing market needs intervention and it cannot deliver growth without direction
- 🏠 Home ownership is declining despite incentives, while other tenures (the core products of HAs) will deliver less as a consequence of current policy
- 🏠 Sheffield has an ambition to build big numbers, but are figures of double current targets achievable? Growth may be best delivered at combined authority level
- 🏠 MMC and speedier planning will play a role in delivery, underpinned by data driven decision making which informs strategy
- 🏠 Trust in and understanding of local markets is crucial for success, and local authorities can be very successful in this by flexing quotas for affordable and social housing in areas where other tenures may work better
- 🏠 More sites, of greater variety, give more options and drive more growth
- 🏠 Changes to land supply models will facilitate growth, with different approaches to the way investment returns are taken over time
- 🏠 Making the industry an attractive career proposition for children, and earlier in the education process, will help meet the needs of the industry

In his opening remarks, **Keith Exford** spoke of regional disparities between the London and South East area and the northern cities of England, overlaid by an enhanced home ownership programme which may not be affordable or appropriate in every location. Today's workshop would consider what matters locally to the Sheffield city region. The current policy drive for home ownership is not road-tested, and has been developed in isolation. Keith questioned whether local authorities can realistically be expected to deal with devolution, given the scale of reductions in services. Homes need to be affordable in a local context, asserting that shared ownership is not practical in many areas. Further funding and fiscal incentives are needed for success – but success is best achieved through working together. Delivery will be further tested in future as housing associations, relying on sales to cross subsidise programmes, adopt similar financial structures to house builders and will find it more difficult to build homes counter cyclically.

Janet Sharpe then talked about creating the Sheffield City region's new growth plan, underpinned by an analysis of need in identifying land supply and city growth which means that at SCR level they need to set an ambitious plan for building up to 43,000 homes over the next 10 years which is a significant increase to the numbers currently being developed. In Sheffield this means that the city needs a build target of around 2,300 homes per year over the next 10 years to meet estimated population and economic growth. Janet went on to explain that a new housing strategy, growth plan and structure is being put in place to work

closely with developers on a 1-2-1 basis to step up housing delivery and are looking at new and innovative models to do this. However, this is not just about numbers of units but about place-shaping, increasing land value and making sure the right type of homes are delivered in the city. Value-for-money assessments of current JVs to inform future endeavours are taking place. Sheffield will have a new Local Plan in place during 2017-18, which will identify a number of new neighbourhoods and land opportunities for new homes. An investment fund has been established in the Council using New Homes Bonus and to complement other external funding to support remediation or enabling work to make brownfield or stuck sites in particular more attractive for developers. In terms of affordable housing the Council has a significant shortage of homes. The Council is committed to acquiring and building up to 1,000 affordable homes but the Housing and Planning Bill has brought about a re-think, impacting significantly on affordable provision and prompting the need to revisit the strategy. There is a need in the city to finish part completed HMR renewal schemes, and to encourage SMEs to get involved in building more new homes. The target is to double housing output in the region but there is a need to make sure that any building target set can be achieved. It is hopeful that the SCR devolution proposal will allow more freedom to choose the appropriate funding mechanisms to stimulate growth in the North and more open dialogue with central government on this matter is taking place.

Ian Cole talked about levels of intervention, whether the role of the state was to “oil the wheels” of or “tilt” the market in a certain direction, and the need to move to market-centred rather than tenure centred plans which had resulted in tenure switching rather than improved affordability. Successful housing delivery will only be achieved through use of all tenure types, including intermediates. His opinion was that government plans will not work in the current economic context, with forecasts and targets over optimistic, “one shot” solutions not suitable, and schemes to boost housing supply only helping to improve affordability for purchasers in the longer term. Markets and housing delivery need to be fluid and diverse to succeed. The greenbelt should not be sacrosanct but Sheffield should consider the attractiveness of its countryside as a competitive edge over other major Northern cities. Current frameworks are holding back development in the public sector, which may be better served through centralised production, decentralised management and embracing MMC / offsite solutions. Consolidation of the market among a small number of big builders is unhelpful to producing more dispersed new development; and more small / medium house-builders are needed. There is a significant need to provide a more diverse array of housing and social care options for older people, and to access alternative investment sources.

Simon Carr discussed how an aging population will drive skills loss in the industry, as well as the need for more elder care housing. MMC alternatives will be vital to achieve production targets, while skills losses can be combatted by getting into schools earlier (c. age 11) to promote the housing industry as a viable and attractive career aspiration for children, and to help them get on track for the right qualifications. The apprenticeship levy is causing confusion, and is seen as a short term boost but not as a long term solution. There is also a need for the right houses in the right places in local context, with councils accepting little or no affordable or social housing in areas which need aspirational products in order to be commercially viable. There is the opportunity for innovation in land supply and investment, with landowners – who traditionally don’t take on risk – contributing more, and allowing better control of costs. Consistency of the local authority approach is needed too, and markets need to be flexible and accessible for smaller developers.

Eugien Jaruga presented the Sheffield Housing Company's case as a successful and replicable model for housing delivery. Help to Buy has been a good stimulus, but does it lend confidence in the longer term? Confidence is key, as it dictates land purchase and planning approaches. SMEs need to be encouraged, but bureaucracy is currently too heavy for them. Procurement processes in particular are too costly and lengthy, and greater freedom for the procurement of partner organisations for partnership deals would be welcomed. It is best to work with developers with longevity and a vested local interest; and presenting a "basket" of sites to developers to pick from presents them with more opportunity to get involved, on projects which are better suited to their expertise. Getting long term buy in to cost effective partnerships is crucial.

Scott Cardwell talked about how Doncaster is exceeding house building targets, facilitated by faster and more consistent planning decisions, underpinned by a strong leadership model and the need to get infrastructure right to drive house building and unlock economic potential. Getting marketing right is important too; through good promotion, councils can grow greater confidence and talk up the region, drawing greater investment and interest. Doncaster's partnership with Countrywide estate agents also allows better data driven decision making. There is a need for a concerted effort by the whole city region to represent to government to inform better policy making.

The following contributed to the CEO Forum:

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Keith	Exford	Group Chief Executive	Affinity Sutton
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Simon	Carr	Managing Director	Henry Boot Construction Limited
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Mike	Gorman	Director	CBRE
Rob	Hall	Head of Business Development	L&G Homes
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WITH THANKS TO AFFINITY SUTTON FOR HOSTING THIS EVENT