

CEO Forum held by The Housing Forum and NHBC, 18 May 2016 "Housing for London and the Housing and Planning Act 2016"

Key words: starter homes, leasehold management, collaborative working, public sector land

The conclusions of the Forum are:

- 🏠 New home building in London has averaged at 25,000 homes for the past few years
- 🏠 House building should be recognised as part of national infrastructure and with a larger scale ambition
- 🏠 Some flexibilities will be needed if starter homes are to be viable in London and in different cities and regions
- 🏠 The increase in home ownership through right to buy and shared ownership will have significant implications for leasehold and mixed estate management

In his opening remarks, **Andy von Bradsky**, spoke of the pertinent timing of today's Forum, following the recent passing of The Housing and Planning Act and the election of Sadiq Khan as the new Mayor of London.

Interest is in the detail of the Act and how one of the key measures - Starter Homes - will be implemented. Will the 20% site quota be imposed rigorously and how will this impact on other tenures? Will the Starter Homes policy require future schemes to undergo viability testing and how will this be addressed? Some local councils take the view that Starter Homes may not necessarily apply to them. How will the implications of the right to buy and other measures impact on housing associations? How can we create affordable housing in London and how will the Mayor introduce the 50% affordable quota?

David Lunts gave his early observations on the Act. It will be interesting to see the extent to which themes in government policy are rolled out consistently or whether there will be some flexibility for regions and cities. Industry discussion on the Act laid significant focus on the housing element but relatively little on the planning aspects. How will the introduction of planning in principle and a new brownfield register work in practice?

Housing was the top issue in the mayoral contest and the Mayor is giving priority to:

- 🏠 The pledge to upscale the overall supply of housing
- 🏠 The re-introduction of 50 % affordable homes across London as a strategic ambition
- 🏠 Those measures that can be introduced quickly to apply some pressure to those ambitions

Over recent mayoralities, affordable housing completions have averaged at 28%-33%, however, output based on the 2015 level of permissions has fallen to around 13% and it is likely therefore that the Mayor will seek to improve this. The Mayor is committed to shared ownership and rent to buy options and has also announced more support for general needs

renters through The London Living Rent. This is defined as tenure for people on modest incomes, linked to a rent level close to 35% of household income, and possibly linked in future to purchase options for that customer base.

An important approach in tackling housing as the biggest area of challenge is building an alliance of interests. The Mayor will want to bring people, sectors and boroughs together and work collaboratively. Part of this approach will be close working with Government, a funding settlement for housing and the adoption of a range of products that fit the specific housing markets in London. The replacement of high value sales is likely to be challenging in London and affordable sites will be needed if the 2 for 1 deal is to work.

The housing association perspective was covered by **Iain Taylor** in the expectation of the Affinity Sutton/Circle Housing merger later in the year which aims to provide 5,000 new homes p.a. The release of more public sector land in London is essential to deal with housing shortage. Developing housing associations are able to build homes at scale on brown field sites where there is capacity for development but not much appetite from market house builders,

Infrastructure is key to facilitating delivery and Circle Housing are currently involved in large schemes in 4 of the London Housing Zones. The strategic ambition of 50 % affordable homes overall is welcome and a continuing supply of homes through s.106 continues to be valuable.

Development programmes are supported by sales from a strong property market and housing associations add value through social and community investment and now match the land offer made by private house builders. Many housing associations will be considering asset optimisation programmes where there may be an opportunity to intensify and densify particular estates. Housing associations are effective agents for estate regeneration as partners with local councils. The house building "ripple out" into suburbs and into zones 3 and 4 is due to a very buoyant London market.

Taking a broader contractor view – **Andrew Osborne** reflected on the significant cost inflation which has had an impact on viability particularly in London. Osborne has addressed this in 3 ways:

- 🏠 Through MMC with much broader use of standardised design, detail and components
- 🏠 Through training the workforce – 7% are apprentices or trainees
- 🏠 Working collaboratively with clients to deliver better value for customers. Working up design in advance is very effective and is much faster, more certain and lower risk. But overall, the traditional business model for procuring housing does not tend to lead to a collaborative approach. It is unlikely we will be able to build enough houses until housing is treated as a significant part of our Infrastructure in the same way that the depoliticised Infrastructure Commission deals with rail and road.

The following contributed to the CEO Forum:

- 🏠 John Anderson, Executive Director, Kier Living
- 🏠 Andrew Beharrell, Senior Partner, Pollard Thomas Edwards
- 🏠 Robert Black, Chief Executive, Kensington & Chelsea TMO
- 🏠 Ian Burnett, Chief Executive, United Living



The cross-sector membership
network for housing and construction

"More Homes, Better Homes"

- 🏠 Mehban Chowdery, Regional Director, NHBC (Co-Host)
- 🏠 Victor da Cunha, Chief Executive, Curo Group
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum (Co-Host)
- 🏠 Bob Heapy, Chief Executive, Town & Country Housing Group
- 🏠 Natasha Keesoony, Membership and Development Manager, The Housing Forum
- 🏠 David Lunts, Executive Director Housing and Land, GLA
- 🏠 Andrew Osborne, Chairman, Osborne
- 🏠 Jane Porter, Executive Director Operations, Amicus Horizon
- 🏠 David Standfast, Chief Executive, Saxon Weald
- 🏠 Iain Taylor, London Regional Director, Circle Housing
- 🏠 Andy von Bradsky, Consultant, PRP, and Chairman, The Housing Forum (Co-Host)

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