

CEO Forum

Held by the Housing Forum and NHBC on 3 May 2017
'Housing and the 2017 General Election: Not all about Brexit'



Key words; land supply, viability, street scene, PRS conditions

The conclusions of the Forum are:

- 🏠 Both in London and in major cities, shortages of affordable housing are acute and re-balancing of markets is necessary
- 🏠 Infrastructure, particular transport is opening up development and regeneration possibilities in previously hard to reach areas
- 🏠 Land supply in London is challenging with the availability of previously designated industrial land slowing down; in the Sheffield City Region 000s of plots are potentially available but viability is an issue
- 🏠 Different ways of funding local authority house building – including lifting the HRA cap, having wider borrowing powers and new models of viability assessments which include council tax and business rates income, in addition to land value, can change the viability model to support delivery
- 🏠 Construction systems should be comprehensive and involve the full supply chain from the earliest stage, using BIM and other methods to drive quality
- 🏠 1 million households (¼ of the housing stock) live in PRS homes in London - local authority enforcement powers against poor conditions are outdated and fall far short of fit for purpose. Introducing a national licencing register would support local authorities dealing with severe conditions
- 🏠 The Build to Rent approach has greater focus on management and long term property conditions; groups of private landlords should be encouraged to focus on neighbourhood conditions to halt the decline of the street scene in some areas.



Jamie Ratcliff gave the London perspective. For too long, the market has been dependent on an oversupply of 'super prime housing' in central London. Signs are now that the market is rebalancing, and Savills report that the pipe line is slowing. It will take time for this to work to come through, but with the largest ever Government settlement of £3.15bn, and plans for 90,000 affordable home starts to 2021, London housing needs are beginning to be addressed. Significant events have been the pre-announcement of the L&Q partnership to deliver 20,000 new homes, of which 12,000 will be affordable and the first London Living rent scheme in Bromley.

The London Plan is the strategic planning document which covers how London is expected to develop; more detail will be included in the Strategic Housing Land Assessment which is being prepared involving all London Boroughs. The London Housing Strategy will be published in the summer - it will be practical and focus on the steps all parties need to take to deliver.

The Green Belt will be protected, so building at higher densities and change of use in town centres can be expected. Mixed use developments, sharing light industry with residential, is likely in some locations as there is now very little surplus industrial land. Housing delivery in London could be accelerated with a greater role for London Government in bringing forward public land and funding through the Starter Homes Enabling Fund. But in London, a quarter of the housing stock is private renting and where conditions are poor, more help is needed to support boroughs in taking action.

Housing shortages are evident also in the Sheffield City Region as **Tony Stacey** explained. Many council homes on estates around the City had been demolished under the Housing Market Renewal Programme some years ago but now there is visible housing stress in Sheffield and in other cities including Nottingham and Manchester.

Housing supply numbers have flat-lined and there is a lack of provision to underpin economic growth with an ambition of 70,000 new jobs. Consequently, the LEP commissioned a high level, cross boundary strategy trebling housing growth from current levels of 3,000 homes year. 'More New Homes' has been released as a prospectus for growth setting out how the industry can work together to provide homes of all tenures.

There are 83,000 housing plots in the Region but viability is a challenge. South Yorkshire Housing Association have initiatives underway with investors and pension funds to develop new schemes with a third of affordable homes provision. Viability is an issue and at a time when the strategic capacity of local authorities is low, new forms of leadership are essential.

Caroline Compton-James: covered the potential impacts and opportunities on the housing market arising from both Brexit and the election. From the contractor's perspective, housing will be a key theme in the election and there is cross party recognition of the housing crisis, but, at local level, housing will continue to be a 'political football'. The Housing Forum's recent publication 'Future Proofing Housing Supply' recommends both central and local government take party politics out of housing strategy and delivery by creating cross-party housing groups and removing elected members from decision-making on compliant planning applications

below 250 homes. Whilst it is very difficult to predict the real impact of Brexit before the detail of the deal is known, the government should negotiate a reasonable exit deal, to minimise impact on the industry. The Osborne approach is to 'Keep Calm and Carry On' with three priorities.

- Continue to deliver to high standards, and develop trust with our customers, to be transparent, to demonstrate continuous improvement and increased value to our customer.
- Tackle the skills shortage by investing in our people, over 5% of our people are on a formalised apprenticeship, sponsored student or graduate programme; after they finish the trainee programme, 94% of trainees remain in the business for more than five years.
- Support the Industrial Strategy and the Housing White Paper – Bringing our infrastructure and construction expertise together.

Rather than focus on the uncertainty, the industry should look to what we can control with our collective expertise, commitment, and drive.

A local authority perspective was given by **John East**. The eight North and Eastern London Boroughs (who have formed the sub-regional partnership: Local London) expect together to build 260,000 homes over the next 20 - 30 years, a size equivalent to a major city. In Barking and Dagenham, 50,000 homes are expected over that period. Improved infrastructure and Cross Rail, in particular have opened up parts of the borough for housing development. The council is now developing the concept of 'Infrastructure Housing' – housing which would be available for all income levels with different entry points including shared ownership, rent and purchase options to suit residents over their lifetimes. In recent years, Barking and Dagenham have used borrowing to directly acquire and build out sites. The current concerns are that local authorities will be able to continue to use the lower PWLB rates. Bearing in mind that the austerity programme is only half complete, local authority capacity and resources could also impact on house building plans. Skills shortages post Brexit raise concerns about who will build. This raises the profile of modular delivery. Investment and associated infrastructure funding is already coming from sources outside the EU, mainly China and the Far East. In order to meet the challenge of rapidly increasing housing completions in the borough, Barking and Dagenham have set up 'Be First', an Arm's Length Regeneration and Investment company which will be responsible for delivering the Council's regeneration agenda over the next 20 years.

The Housing Forum is grateful to NHBC for sponsoring this event.

The following contributed to the CEO Forum:

HOSTS

- 🏠 Mehban Chowdery, Regional Director – London & Social Housing NHBC (Co-Host)
- 🏠 Andy von Bradsky, Chairman, The Housing Forum (Co-Host)
- 🏠 Shelagh Grant, CEO, The Housing Forum (Co-Host)

GUESTS

- 🏠 Richard Harwood, OBE, QC, 39 Essex Chambers
- 🏠 John East, Strategic Director, Growth & Homes, LB Barking & Dagenham
- 🏠 Tristan Samuels, Head of Development, City of Westminster

- 🏠 Alan Benson, Head of Housing Strategy & Commissioning, LB of Haringey
- 🏠 Vicky Fordham-Lewis, Director, Partnership Solutions, Pyramid Plus
- 🏠 Daren Nathan, Development Director, Durkan
- 🏠 Nick Williams, Senior Operations Director, Pocket Living
- 🏠 Mark Bradbury, Head of Capital Assets, Southampton Council
- 🏠 Jamie Ratcliff, Assistant Director – Housing, GLA
- 🏠 Phil Waind, Director, Waind Gohil + Potter Architects
- 🏠 Nick Worboys, Director of Sales & Development, Longhurst Group
- 🏠 Mike Turner, Development Director, Ian Williams Ltd
- 🏠 Tony Stacey, Chief Executive, South Yorkshire Housing Association
- 🏠 Caroline Compton-James, Director, Strategy & Communication Construction, Osborne
- 🏠 Ian Fletcher, Director of Policy (Real Estate), British Property Federation
- 🏠 Alan Wright, Partner – architecture, bptw Partnership
- 🏠 Mike Kay, Chief Executive, Northampton Partnership Homes
- 🏠 Lionel Christolomme, CEO, Bouygues
- 🏠 Helen Newbury, Group Head of Programme and Performance, Waterloo Housing Group