

CEO Forum held in Bristol by The Housing Forum and Galliford Try 22nd September 2015

"Development and Partnership - the new business case for delivery"

Key words: partnerships, land, home ownership and RTB extension, rent reductions and business plans

The conclusions of the CEO Forum were

- 🏠 The council working with the HCA has been particularly successful in Bristol in delivering wider regeneration through de-risking brown field land and offering a more viable package to private developers, easing land into the market, through the Bristol Property Board
- 🏠 Long term partnerships and a better informed commissioning client can raise development value considerably and deliver quality outcomes
- 🏠 Devolution deals with local areas working together could have the scale to get strategic investment underway, moving away from a project by project approach
- 🏠 Larger housing associations are forecasting that they will maintain similar building levels over the next decade but the tenure mix will change with more market products; some housing associations predict that the amount of new affordable homes built will reduce by half.
- 🏠 Smaller housing associations will reduce development programmes and concentrate on place shaping and building into existing low density suburban estates
- 🏠 Planning requirements for housing sites need to be much more flexible and capable of adapting quickly to new affordability pressures; this can be achieved by less prescriptive tenure requirements



In his opening remarks, **Stephen Teagle** spoke of Bristol as a vibrant city with a commitment to delivery, social enterprise and leadership as evidenced by the Mayoral Housing Commission which focused the approach to housing supply.

The focus of this forum is on new supply side partnerships and adjustments to the delivery challenges as the finer details of the government's manifesto commitments become clear. Anticipating the forthcoming Housing Bill, we can expect to see a concentration of initiatives on home ownership, new build supply – now a

million homes challenge - welfare reform, commitment to devolution, and efficiency. Overall, it is a good time to be building houses but the future will pose more risks for those with 40 year investment plans in rented housing. Post NPPF, planning decisions are coming through and there is a more stability in the supply chain. There is likely to be greater focus on brown field land, starter homes and public sector land release following the Housing Bill and Productivity Plan. It is clear that the government will expect greater output; house builders to build more, housing associations to sweat their assets to deliver more, the public sector to release more land for housing and local authorities to stretch their output.

After the immediate reactions to the July budget and 1% cut in social rents, business plans have been under examination but the market is now returning to activity and housing providers are making offers for building new homes. There is now a much greater appetite for joint ventures around mixed tenure including PRS, with an increased proportion of housing for sale.



Alistair Reid, Bristol City Council confirmed the Mayoral priority for housing but the aspiration to build is held back by the fall in grant funding per unit from circa £80,000 subsidy to less than £30,000. The Mayor's stated aim of building 1,000 affordable homes every year is likely to need a capital investment of over £120m and is hugely challenging. Delivery is currently around 300 homes a year.

Bristol's population is over 400,000 and the city and wider economy are growing in manufacturing, creative industries and aerospace. Bristol is an economic hotspot, which drives the private housing market and there is insufficient supply, leading to rising costs.

85, 000 homes are projected to be needed over the city and adjoining areas over the next 20 years.

The city itself has constrained boundaries and many of the house building sites in council ownership are in locations which are not yet marketable and will need attention and investment to bring them forward.

The housing association perspective was put forward by **Gareth Crawford**, Home Group and **James Gibson**, Sovereign. Gareth's analysis is that housing associations are facing pressure to change and recent reductions in rent income levels will push the sector to revisit what they provide with greater focus on home ownership based tenures. Taken together with the RTB extension, discounted market sale and shared ownership, home ownership will play a much bigger role in the future.



James Gibson gave the perspective of a housing association which is financing most investment in new build from its own resources and which delivers 1,000 new homes a year. Early analysis of the potential impact of the RTB extension indicates that in the first few years about 1,000 homes could be sold under RTB. Business efficiencies will have to be brought forward including an active asset management function. The strategy will be to infill with new homes on

existing estates which would be built out direct in tandem with a reduction in the number of council areas in which they operate. Sovereign would look to deliver a wider range of house types and were considering PRS and new forms of construction including the possibility of "Y" cube for move on accommodation. 70% of the development programme would continue to be through s.106.

Summing up on the NHF perspective, **Kat Hart**, set out the NHF's analysis of the impact of the reduction of rent guarantees on new homes provision; the initial estimate of 27,000 fewer homes built as a consequence of the reduction in rent income is considered to be an underestimate with some commentators saying the loss could potentially be in the region of 200,000 fewer homes built. Rent reductions will have a major impact on the business plans of social housing organisations. RTB replacements which are to be funded from the sale of high value council houses are needed quickly.

The following took part in the CEO Forum

- 🏠 Sunita Aujla, Assistant Director, New Business, Affinity Sutton
- 🏠 John Baker, Co-ordinator, The South West Housing Initiative
- 🏠 Phil Bevan, Director, AWW Architects
- 🏠 Ben Cane, Head of New Business (West), Guinness Partnership
- 🏠 Andrew Carpenter, Chief Executive, Structural Timber Association and Housing Forum Board Member
- 🏠 Gareth Crawford, Head of Development South, Home Group
- 🏠 Kat Hart, External Affairs Manager, NHF
- 🏠 Anthony Eke, Development Director, Rent Plus
- 🏠 James Gibson, Regional Development Director, Sovereign Housing Association
- 🏠 Laura Haynes, Director of Investment, Merlin Housing Society
- 🏠 Chris Knibbs, Development Manager, Severn Vale
- 🏠 Jim Lyons, Regional Director, South West, NHBC
- 🏠 Sarah McQuatt, Business Development Director, United Communities
- 🏠 Alistair Reid, Service Director Economy, Bristol City Council
- 🏠 David Warburton, Head of Area – West of England, Homes & Communities Agency
- 🏠 Stephen Teagle, Managing Director, Affordable Homes & Regeneration Division, Galliford Try and Deputy Chair, The Housing Forum (Today's Chair and co-host)
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum (co-host)

WITH THANKS TO GALLIFORD TRY FOR HOSTING THIS EVENT



The cross-sector membership
network for housing and construction

"More Homes, Better Homes"