

CEO Forum held by The Housing Forum and NHBC, 27 January 2016 "New Solutions to Housing Supply"

Key words: supply, joint ventures, home ownership, starter homes

The conclusions of the Forum are:

- 🏠 There is a serious, enduring supply side deficit in housing and existing measures will not solve this; new solutions need to be found with a cross political party commitment lasting over 10-15 years
- 🏠 Local councils can act powerfully to embrace and create opportunities to develop housing locally, if they are given the legitimacy to act and freedom to benefit from long term value uplift
- 🏠 Supply can be ramped up by alternative build methods – both at volumetric and component level off site manufacture; but quality has to be reliable, and investment and tax incentives adequate to ensure expansion, supported by relaxations in planning
- 🏠 Help to Buy has been the most effective initiative in new homes ownership delivery as it supports affordable borrowing and improves confidence in the mortgage market
- 🏠 Access to land is a pivotal issue; joint venture partnerships between developers, housing associations and local councils can bring previously fragmented land holding together to create viable sites for development

In his opening remarks, **Stephen Teagle**, Managing Director Affordable Housing and Regeneration at Galliford Try, commented that this country faces a serious and enduring supply deficit in housing. The Housing Forum has established a new working group on this central issue - "New solutions to housing supply" - chaired by Stephen, to focus on supply across all tenures. Home ownership policies are being encouraged through starter homes and expansion of local council and housing association for sale programmes, but this deficit is a much longer term issue requiring structural change over at least the next decade.



The housing construction industry needs skills at all levels that can support a growth trajectory. Local authorities have been encouraged to build but overall need to have full legitimacy to play a part in house-building.

The current market place is unusual in that housebuilders and housing associations that are building for sale see very positive outcomes with excellent dynamics of demand and

profitability but supply is increasingly unbalanced and the purpose built private rented sector has been unable to expand as it cannot compete over land purchase

Local councils could do much more through joint ventures; approaches are driven by a very cautious approach which requires significant speculative upfront investment by potential partners which limits the potential options which can come forward

The focus of the "New Solutions" working group will be on the steps needed to increase output and find alternative ways to build. It will examine leadership and structures, tenure delivery, capacity, commissioning and investment. The working group will examine supply across all tenure types.



John Knevett considered options for housing associations. A2Dominion has an increasing role as a residential property group combining development, investment and long term estate management. With a substantial holding approaching 40,000 properties, they

can take an eclectic approach to grants and investment schemes, selecting a policy that is right for them and so become more resilient to swings in the market. Their approach is a land-led building programme, delivering an increase in building numbers which has taken off in the last three years, gaining recognition as an award winning medium size housebuilder. Land is critical and A2Dominion operates with agility and uses delivery partnerships to acquire land at the right price. Building across tenure allows flexibility as building cycles change.

If delivery is to expand, alternatives to the traditional house builder model need to work at scale, and housing associations and LAs working through a combined approach can make a difference. **Tina Barnard** explained that, in Watford, a council and housing association partnership through a local housing company has been created. Watford council housing stock and associated land transferred from the council 8.5 years ago, into Watford



Community Housing Trust. WCHT aimed to build new homes equivalent to ten percent of their stock holdings. This approach was radically rethought last year due to minus one percent rent reductions, meaning other ways to build homes had to be investigated. LSVTs of less than 15 years are likely to be particularly hard hit due their position in the borrowing cycle and will have to be innovative if they are to grow. Forming a joint venture has allowed the council and WCHT to get a lot more out of development than either could have achieved independently. An overriding issue for the council is growing pressure on temporary accommodation and a joint venture plan has been developed to build new homes for outright sale, allowing temporary accommodation to be provided for the council and also affordable rent for local people. The combination of council land into one vehicle allowed for efficient land assembly.

The following contributed to the CEO Forum:

- 🏠 Tina Barnard, Chief Executive, Watford Community Housing Trust
- 🏠 Ian Davis, Operations Director, NHBC (host)
- 🏠 Ben Derbyshire, Managing Partner, HTA Design and Chairman, The Housing Forum (Co-host)
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum (Co-host)
- 🏠 Tom Howard, Communications Manager, The Housing Forum
- 🏠 Brendan Kilpatrick, Senior Partner, PRP
- 🏠 John Knevet, Group Commercial Officer and Deputy Group Chief executive, A2dominion
- 🏠 Richard Lavington, Founding Director, Maccreanor Lavington
- 🏠 Elspeth Mackenzie, Chief Executive, Thrive Homes
- 🏠 Neil McCabe, Director, Hunters
- 🏠 John Milner, Equity Member, Baily Garner
- 🏠 Mark Mitchener, Managing Director – Construction, Rydon Group
- 🏠 Andy Pennell, Affordable Housing Director, Cala Group
- 🏠 David Potter, Director (Technical) New Homes and Communities, Countryside Properties (UK)
- 🏠 Tonia Secker, Partner – Housing and Regeneration, Trowers & Hamlins
- 🏠 Isabella Slattery, Director and Head of Affordable Housing, CBRE
- 🏠 Stephen Teagle, Managing Director Affordable Housing and Regeneration, Galliford Try
- 🏠 Fraser Wells, Managing Director, Durkan Estates
- 🏠 Alan Wright, Partner – Architecture, bptw partnership

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