

"THE FUTURE OF HOUSING IN THE NORTH WEST"

26TH FEBRUARY 2014

THE HOUSING FORUM IN MANCHESTER: HOSTED BY TROWERS & HAMLINS

TOPICS:

Growth of the housing sector in the North West - with Mike Gaskell, Trowers & Hamlins

Initiatives in the Private Rented Sector - with Jon Sawyer, Igloo Regeneration

Investing in our housing assets - with Jeremy Kape, Affinity Sutton and Chair, The Housing Forum Working Group on "Investing in our housing assets"



The Housing Forum runs a monthly CEO Forum to support our permanent campaign for more homes and better homes through building homes for the future, investing in our existing assets and smarter working through the supply chain and resources. The cross sector representation of our membership equips us to investigate issues that require collaboration and expertise for successful outcomes.

The growth of the housing sector in the North West- over the last 40 years, Trowers & Hamlins have been at the heart of the expansion of housing growth, through their advice on new structures including LSVTs, ALMOs and PFI and have been involved in regeneration projects such as major redevelopment in Salford and the regeneration of the Hulme estate. Trowers & Hamlins have also advised Government on ground breaking initiatives including Decent Homes and most recently Help to Buy.

Looking forward, expansion of the housing provider and local authority sector by diversification into market rent and sale is anticipated and a future with fewer subsidies will require closer working with major investors and pension funds. One key example is Manchester City Council's mixed tenure development for market rent and sale - and the high design quality standards that the council required.

Initiatives in the private rented sector-The Montague report has been a major stimulus to the creation of an institutional grade sector for the PRS and most recommendations were implemented. There is a great deal of expectation about the growth of PRS but in reality, schemes are proving difficult to get off the ground. For PRS to improve, more public sector land is needed - most schemes are too small as a viable size is 500/600 residential units. In Manchester's Ancoats a pilot scheme of 500 units is under development but in general terms, stimulus and Government support is needed for the rental market- specifically designed to work for the North West market.





PRS (new build) needs 30% sales discount if yields are to be achieved. Financial models are based on the projection of rental growth (capital growth excluded). Igloo are working towards a 10 year lease for some PRS schemes.

Building homes for the future in a mixed tenure market requires flexibility and homes need a product designed for the purpose - which is where BIM comes in - as a model for data on a home which will transfer from landlord to owner to user. The biggest current challenge to PRS is Help to Buy which has taken up much available housing supply.

Investing in our housing assets - Asset management in the social housing sector is taking on new significance-in terms of the overall worth of housing assets to support operational issues rather than the traditional "status quo" on market value alone. The view of the regulator is that the value of assets must be understood and social landlords should disinvest (sell) where properties have a negative NPV and a resource requirement. But there are contradictory pressures not to disinvest as housing association accounting practice requires historic grant to be held in reserve in case it may have to be repaid and so chokes up capacity which otherwise could be leveraged for future investment.

Places for People have devised a "traffic light" system to identify the status of assets which permits sale when an indicator moves for amber to red. Decisions can be taken at local team level and proceeds reinvested into locally determined priorities.

The Housing Forum's January 2014 market survey warned that landlords are becoming increasingly concerned at the cost of repairs in relation to rental income. New Zealand retrofit models allow the landlord to raise rents following retrofit as the overall cost of living for an individual will reduce when energy savings are taken into account.

A single tenancy agreement - wrapping up all warranties and inspections under one agency - is a valuable outcome.

A "new" Decent Homes Standard is called for - most landlords want to expand this to include enhancements which increase "kerb appeal"- especially in lower demand areas where there is competition with the PRS.

A major concern is the lack of clarity in energy policy - with a lack of confidence due to "overnight" reduction in Feed in Tariffs. The Green Deal needs a new approach- perhaps along the PAYS model - if it is to improve the existing stock.

The next meeting of the **Investing in our existing stock Working Group** is **23rd May 2014**.

Future CEO Forums will be on topics including Building homes for the future, Regeneration, Building Information Modelling and Skills and Resources.

Want to get involved - become a member? Contact Shelagh Grant - Chief Executive. shelagh.grant@housingforum.org.uk

The Housing Forum is grateful to Trowers & Hamblins for hosting the CEO Forum to coincide with the 40th anniversary of the practice in the North West and to partner and Housing Forum Board Member Katie Saunders for chairing the discussion.



Participants were:	
🏠 Tom Bloxham MBE, Chief Executive, Urban Splash	🏠 Chris Callaghan, Property Director, Lindum Group
🏠 Frances Chaplin, Partner, PRP	🏠 Ian Davies, Regional Director-North West, NHBC
🏠 Matthew Goulcher, Managing Director, Levitt Bernstein	🏠 Steve Jackson, Regional Managing Director for the West, Wates
🏠 Jeremy Kape, Director of Property Investment, Affinity Sutton	🏠 Chris Middlebrook, Director, Oakmere Homes
🏠 Paul Moore, Managing Director, Southdale	🏠 Mary Parsons, Group Director of Business Development, Places for People
🏠 Julie Reynolds, Partner, Arcus Consulting	🏠 Gordon Ronald, Operations Director, Fusion21
🏠 Jon Sawyer, Head of PRS, Igloo Regeneration and Chairman of Housemark	
Hosts:	
🏠 Katie Saunders, Partner, Trowers & Hamblins LLP	🏠 Suzanne Benson, Partner, Trowers & Hamblins LLP
🏠 Kate Bouchier, Partner, Trowers & Hamblins LLP	🏠 Mike Gaskell, Partner, Trowers & Hamblins LLP
🏠 Janet Winrow, Partner, Trowers & Hamblins LLP	🏠 Shelagh Grant, Chief Executive, The Housing Forum