

## **CEO FORUM - HELD BY THE HOUSING FORUM AND AFFINITY SUTTON – EXETER WEDNESDAY 27<sup>TH</sup> MAY 2015**

### **TOPIC: "FUNDS FOR SOUTH WEST HOUSING REGENERATION"**

#### **KEY WORDS: DEVOLUTION, REGENERATION, JOINT VENTURES, LAND AND SITE SUPPLY**

On the day of the Queen's speech announcing a new Housing Bill, The Housing Forum focussed on the challenges for funding for housing regeneration in the South West at a time of increasing devolution to major industrial cities. We debated the



election outcome in terms of housing. **Keith Exford** began by setting out his views on what might lie ahead. Home ownership will continue to be prominent through Help to Buy, Housing ISAs and starter homes but the workability of the planned extension of the Right to buy gives major concerns. Over the next 5 years, which factors will have the most impact?

- 🏠 **Devolution** is unstoppable – meaning more powers for some but not for all local councils as emphasis in decision moves to a more local level. The current London – centric focus may change, however, the London mayor is likely to seek more powers, funding and responsibilities and no London mayor can ignore the housing crisis in London. Today's focus is on Bristol, Plymouth, Exeter and other South West cities – how will they fare with devolution and will they be given extra powers?
- 🏠 **Welfare reform** with further benefit cuts, bedroom tax continuing and a further £10.5bn in cuts still to be found in the welfare budget ( according to the Institute of Fiscal Studies ).
- 🏠 **Supply** –restricted public funding is inevitable, making it likely that a form of affordable rent but not social rent will continue. Whilst the local government "balance sheet" could be used to increase housing supply, this may not happen. House builders will have more opportunities to build higher numbers but there are not enough of them, and their model is not capitalised to achieve levels of 200,000 homes p.a., with the consequence that the housing crisis is more likely to deepen.
- 🏠 **Regeneration** – a major challenge as it is now difficult to cross subsidise to support regeneration even in London – and a better approach is now needed.

🏠 **Relationships** – councils and housing associations have a common interest in finding ways of increasing supply and should work together more.



conclusions

The Bristol Homes Commission worked from autumn 2013 to July 2014 with a brief to increase the supply of affordable homes in Bristol. **Nick Horne** shared his experiences as chair of the group delivering the report "More homes, Faster Homes". The starting point is not a call for more government money but as the agenda is now moving to a much more local level, finding the way to do more with less. The main conclusions were:

**Land and site supply** - in Bristol this was progressed through the setting up of a Property Board to work out how to get more land released for housing - understanding where the land is, who controls it and what assembly options might work to get land released, including the often derelict "stranded" sites and putting them out to market in an annual prospectus.

**Innovation in housing design** – housing is not affordable – but a different sector would re-engineer the product to provide a solution. Good quality well-serviced pod units available for a 5-15 year period could be a more innovative and affordable solution.

**Leadership and systems which** encourage outcomes over process driven by the top leadership in councils to overcome resistance and risk averse practices. Schemes then move quickly to deliver outcomes.

**Making use of strategic assets** – active strategic asset management applied with absolute clarity – tackling both the bottom 10% of stock with plans to transform and the top 5% of stock in terms of value generation.

**Making best use of strategic partnering** – are housing associations doing as much as they can to be creative about cost sharing / sharing back offices services or setting up area based digital services where all service partners can deliver a more efficient service?



**Nick Jackson** covered major regeneration by Plymouth Community Homes at the North Prospect estate delivering 300 properties refurbished to a high standard and 1,100 new homes with a popular shared ownership offer. At the heart of the regeneration is the £4m community and services centre which has been successful in supporting regeneration. Market house building for owner occupation is not able to cover the funding of this kind of facility and without it, regeneration at this scale and complexity would not succeed. A challenge to this regeneration is the legacy of ex council, now private sector properties in poor repair.

Funding for regeneration is complex as **Barbara Richardson** set out. It is fundamental that there will always be some level of private sale in regeneration with an increase in density to



deliver viability – this is a relatively straightforward model in a stable private sale market. However, the recession brought down rates of private sale and put a lot of regeneration on hold and it is difficult to bring that back – unless a scheme is in its 3<sup>rd</sup> or 4<sup>th</sup> phase when it is possible to span the cycle of recession. Practically now, we have to make an assumption that a regeneration project may stall for a time and build in assumptions for a down turn. Regulation is becoming more complex but some of the largest housing associations could share collaboration and knowledge, perhaps pooling financial and human resources.

The extension of the Right to Buy and discounts of £77,000 to £103,000 may have less impact in London given very high property values but in the South West, the level of discount is attractive and is likely to produce many sales. Nationally, 37% of housing stock has been purchased since the introduction of the Right to Buy but replacement rates have been very low. The NHF calculate that for the cost, one million shared ownership properties could be built.

**Discussion** centred on South West issues and evidence shows that a successful economy in Bristol will have a major impact over a wide area but without housing targets, adjoining areas have been stripped of any wider obligation to build new homes. Not enough local councils recognise that they cannot keep services going and the environment in good order without finding funds and an era of reduction in local government funding - by as much as 50% - new ways have to be found to fund services. New build commercial gives 50% retention on business rates and new home building gives new homes bonus. Local councils do not always have significant land ownership and could explore ways to work with those who have land and develop different strategic planning policies. Affordability and mortgage constraints continue and capital investment on national level or fiscal encouragement of alternative forms of tenure e.g. PRS could stimulate affordable housing for the longer term. The presumption is that only home ownership is attractive but alternatives like 15 year leases on house pods for first time households could be explored and would widen choice and contribute to a different market.

New supply is important but in areas of low income, regeneration is critical and needs leadership to ensure the South West does not miss out. In the Northern Powerhouse are well organised economic centres which have big enough potential revenue to be a net contributor to Treasury which is a major factor driving this form of devolution?



**Stephen Teagle** concluded the day's debate: from a South West perspective, one lesson learnt from the Bristol Homes Commission is that a land prospectus is successful in bringing more sites to market. Local authorities in the South West have shown leadership in providing mixed tenure solutions - examples of Cranbrook, with a focus on community and sustainability, at Sherford and in Cornwall. In Bristol, where public land has come to market quickly, mixed tenure with 1/3 PRS 1/3 affordable and 1/3 for sale is happening. The



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narrative needs to be that the diverse markets in the South West need to be recognised and expressed as very different housing markets. Public and private resources need to be assembled and increased joint ventures and mixed tenure should follow giving high quality outcomes from collaboration.

The following contributed to the CEO Forum.

- 🏠 Clive Bodley, Group Chief Executive, Alliance Homes
- 🏠 Ben Colman, Development Director, Mi-space (UK) Ltd
- 🏠 Keith Exford CBE, Group Chief Executive, Affinity Sutton (Host)
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum, (Co-Host)
- 🏠 Nick Horne, Chief Executive, Knightstone
- 🏠 Nick Jackson, Director of Business Services & Development, Plymouth Community Homes
- 🏠 Ian Knight, Head of Area – Cornwall & Isles of Scilly, Devon & Somerset, South & South West
- 🏠 Jackie Pinder, Managing Partner, Rider Levitt Bucknall
- 🏠 Barbara Richardson, Executive Director Growth & Investment, Yarlington
- 🏠 Simon Sweetinburgh, Interim Director of Development, Coastline Housing
- 🏠 Stephen Teagle, Managing Director Affordable Housing & Regeneration Division, Galliford Try and Deputy Chair, The Housing Forum
- 🏠 Mark Toole, Project Consultant, Marshalls
- 🏠 Frances Turner, Managing Director, Ocean Housing
- 🏠 Tom Vaughan, Director of Marketing & Strategy, Affinity Sutton (Co-Host)
- 🏠 Sarah Ward, Assistant Director Public Realm, Exeter City Council

**THE HOUSING FORUM IS GRATEFUL TO AFFINITY SUTTON FOR HOSTING THE DEBATE.**