

CEO Forum held by The Housing Forum and Kier 2nd December 2015

"Housing and The Government's Spending Review 2015"

Key words: re-casting affordable housing, design for long term quality, asset management strategies, shared ownership and starter homes

The conclusions of the Forum are:

- Housing stimulus was prominent in the SR and the positive encouragement for housing supply overall is a good outcome
- Emphasis is on supply and home ownership. All house builders will be able to draw down Government funding for starter homes and help to buy shared ownership homes
- Housing association development programmes will contain much more market rent products and outright sale in future
- This will bring about significant change and diversification over the next 5-10 years and a re-casting of affordable housing
- The HCA regulatory approach needs to have the flexibility to support a more commercial approach
- Social rent reductions and consequent impact on maintenance programmes could be addressed by integrating housing management and maintenance and considering how to invest and manage differently
- Cost predictability is more certain with a good design process
- Maintenance considerations should be built into design from the outset at a price that ensures quality is embedded in house building
- Housing providers need to adopt a challenging asset management strategy over at least a 10 year period to align development and maintenance decisions and increase value in high cost areas



The Forum was chaired by **John Anderson**, Kier Living, a long standing member of The Housing Forum. Kier Living are on target to grow their housing construction numbers from 2,300 to 4,000 homes a year. 75% of homes are in mixed tenure developments, JVs or built out for local authorities. Kier are 5* house builders and work to maintain quality and respond to issues within the supply chain. Kier Living are looking to form a City Living to focus on urban regeneration and mixed schemes in cities. Kier Housing Maintenance had a recent national

success with DIY SOS – refurbishing Homes for Heroes in Manchester - but are more usually found dealing with 350,000 homes a year delivering planned and cyclical maintenance and home energy services. The nature of this work is expected to change dramatically over the coming 5-10 years. A proactive approach to whole house maintenance which takes account of both the condition of a property and how it is occupied will be central to achieving efficiencies.

Andy von Bradsky opened the discussion with a focus on affordability and quality of design. 400,000 affordable homes starts were signalled in the SR and the scale of expectation on numbers is driving quantity into the market. How will the delivery of Starter Homes be organised and their infrastructure secured? Starter homes could be a product for those unable to access open market provision but are starter homes right for all areas? The SR aims to re-energise home ownership and one outcome could be new models with flexible tenure options that follow from these initiatives. Government policy has not yet taken up the older persons housing market which is under provided for and certain to become a more urgent issue. There are concerns in the wider industry about quality of the finished product and skills shortages. Do policy makers give this a high enough priority?



John East outlined Newham's housing pressures. To deal with a huge rise in housing need and address the growing cost of temporary accommodation, Newham have had to be creative and find new ways to house residents. The Local Space organisation was set up in 2007 to provide much more temporary accommodation. Newham grew the company by putting in 450 properties as initial equity and used that as leverage to acquire a further 2,500 units. Red Door Ventures has now been launched to build and acquire 3,500 units rising to 15,000 financed by prudential

borrowing. This is a direct intervention to increase the amount of family size accommodation and offer residents more stability. 30% of these units will be affordable rent and the rest will be market rent to generate income for the council. The council are also building modular timber frame temporary accommodation and buying hotels and an ex foyer to use for temporary accommodation. Future expansion will be through joint ventures with the commercial sector, not selling land or property assets, but retaining and using assets in partnership to provide homes and an income for the council.

Laura Johnson gave her view from a local authority perspective - there have been successive cuts over the last 4 years and some councils may have to use reserves to balance their books which cannot be an on-going sustainable position. 25% of homes in Kensington and Chelsea are social housing and the Council values this provision for lower income households. The pressure on adult social care is only likely to increase with an ageing population and a housing stock not generally fit for older people with care needs. The importance of housing supply



is a major issue in London and the south east where 56% see it as a top priority but elsewhere lack of housing supply is not the major issue. In the longer run, as the entry age into owner occupation rises to an average of 38 years, chances to afford a move into larger family housing could decrease with a shorter period of potential career wage growth compared to earlier

generations. Housing Associations in London are saying they cannot afford to build family housing and without this provision it is difficult for growing families to move on. Whilst it is good to see emphasis in the SR on shared ownership, it does not solve affordability issues in parts of London where market value is £450,000 for one bedroom accommodation.

The following took part in the Forum on the Spending Review:

- 🏠 John Anderson, Executive Director, Kier Living (Host)
- 🏠 Andrew Billany, Managing Director, Homes for Haringey
- 🏠 John Carleton, Executive Director Markets & Portfolio, Genesis
- 🏠 Joe Cook, Executive Director of Sales & Development, Aldwyck Housing Group
- 🏠 Mark Crosby, Business Development Director, Saxon Weald
- 🏠 John East, Director for Place Commissioning (Housing & Community Infrastructure), London Borough of Newham
- 🏠 Andy Gatrell, Regeneration and New Business Director, Swan Housing Group
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum (Co-Host)
- 🏠 Laura Johnson, Head of Housing, Royal Borough of Kensington and Chelsea
- 🏠 David Lingeman, Group Director of Property Services, a2dominion
- 🏠 David Mawson, Managing Director- Housing Maintenance, Kier (Co-Host)
- 🏠 Nigel Turner, Executive Director - Development & Property Services, Kier (Co-Host)
- 🏠 Andy von Bradsky, Consultant, PRP, Board Member, The Housing Forum
- 🏠 Nick Worboys, Assistant Director of Development, Longhurst Group

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