



The cross-sector membership network for housing and construction

"More Homes, Better Homes"

INFLUENCING / INFORMING / NETWORKING



CEO FORUM - HELD BY THE HOUSING FORUM AND NHBC – 22ND APRIL 2015

TOPIC: "HOUSING AND THE GENERAL ELECTION"

Just days ahead of the most closely contested election for many decades, The Housing Forum assessed the impact of the political parties' election manifestos on prospects for house building and supply. Andy von Bradsky reflected in his opening remarks that no political party had put forward a proper costed plan to deal with housing despite the various claims to raise new house building numbers by thousands each year. If the predictions of no overall majority do result, the country will lack a clear mandate for housing investment, with a likely prospect of the growing influence of smaller parties and the nature of local issues likely to be in play as well as future battles on leadership and the economy.



Mark Mitchener shared insights on the views of the industry on housing policy initiatives - strong support for Help to Buy but grave concerns about sudden changes in policy such as the costly impact of the withdrawal of ECO funding on manufacturing and contracting businesses. There are many underlying issues which will impact on the delivery of the politicians' promises including a skills shortage and a lack of a home grown OSM industry; with the volumes we have to deliver, the UK could manufacture our own supply and be a lead exporter in to Europe. Rather than calls on land to "use it or lose it", a major breakthrough could come if underused NHS sites were released for house building and as a win-win as, capital resources would be released to help meet budget pressures in the health service. A future government could stimulate a market by changing the rules to make it attractive to build with OSM on public land.

Yvonne Arrowsmith highlighted that housing is now a key election issue, but delivery has not been addressed. The case for social housing, which is genuinely affordable to low income households, and realistic grant levels to support good quality new homes had been lost over the last 5 years. Housing associations could develop more and put funding into more new build programmes if given freedoms to vary and set rent levels. The extension of the 'Right to Buy' to housing associations will have overall consequences beyond switching homes from public to private ownership. Even if the numbers of sales in London may not be large due to high



sales values, albeit with the benefit of increased discounts, the impact of sales on balance sheets and income projections may constrain the appetite for investors to lend to housing associations.

As a supplier of building products, **Mark Oliver** took a 5-7 year view on investment cycles. In the manifestos, there are no changes, funding or appetite for large scale housing development or other radical ideas; all parties appear to be protecting the green belt with focus on brown field sites. The anticipation of this election has had a direct impact on building numbers – delays in the planning system have been apparent over the last 6 months – a consequence of knowing an election date years in advance. In the recession house building fell by 50% between 2007 and 2009. In the past two years we have experienced double digit growth, but in 2015 we will still be 25% below the 2007 peak. A realistic view has to be taken over whether we will return at all to those earlier peak levels; anticipating that production will not get beyond 220,000 homes year for the next decade, materials suppliers will be able to meet the overall demand for building products.



The debate continued.

Many **local authorities** have ambition to be builders of new homes with plans to set up housing companies but face huge skills challenges in development leading some to wonder whether local councils can deliver house building numbers at scale. The public sector has to be prepared to take some risk, particularly on C.P.O. which would reduce developers risk and improve viability on schemes Housing issues in London are complex with the Mayor having considerable influence on housing issues will be prominent in next year's mayoral campaign.

There will have to be a step change in approaches to housing delivery if enough new homes are to be built and this will mean a review of the **green belt** –but currently this is unlikely to happen without a sufficient parliamentary majority.

Solutions are long term, cross party agreements are needed on the issues of housing, health and education. The reality is that government **debt** continues to grow and a return to government funding support for house building is unlikely to happen.

High house prices preventing access to the **property ladder** is a risk to the economy, one is the impact on individuals of a collapse in house prices but another is the long term economic consequences if young professionals and technical staff are priced out and may move abroad.

Our **banking system** is a factor, creating volatility in the housing development field; in Europe, debt is lower overall and banks will lend to house builders on partial completion, easing the cash flow and reducing volatility.





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Andy Tookey summed up; with the view that there will be changes coming from the housing industry itself, with greater use of digital technology and BIM bringing in fresh talent and skills. The pace of local authority involvement in house building could accelerate if several councils pool together to gain bigger resources. If predictions of the election outcome are right, there are unlikely to be any radical proposals for housing coming forward immediately. However, speaking privately to politicians, housing is a priority and some recognise the need for radical reforms and mergers in the housing sector and the development of an alternative subsidised model over the next 8-10 years.

The following delegates contributed to the CEO Forum

- 🏠 Paul Abson, Managing Director – Housing, Bouygues UK
- 🏠 Jeffrey Adams, Chairman, United Developments
- 🏠 Yvonne Arrowsmith, Group Chief Executive, East Thames Housing Group
- 🏠 Jeff Astle, Business Development Director & Director of Home Ownership, Guinness Partnership
- 🏠 Robert Black, Chief Executive, Kensington & Chelsea TMO
- 🏠 Tim Carpenter, Managing Director, Mears Group
- 🏠 Alan Humphreys, Chief Executive, Grand Union Housing Group
- 🏠 Mark Mitchener, Managing Director – Construction, Rydon Group
- 🏠 Mark Oliver, Managing Director, H+H UK Ltd
- 🏠 Andrew Osborne, Chairman, Osborne Homes
- 🏠 Kevin Pearce, Group Director of Resources, Ocean Housing Group
- 🏠 Andy Tookey, Equity Partner, Baily Garner
- 🏠 Paul Underwood, South Thames Regional Managing Director, Croudace Homes Ltd
- 🏠 Andy von Bradsky, Chairman, PRP (Chair)
- 🏠 Mehban Chowdery, Regional Director London, NHBC (Co-Host)
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum (Co-Host)

WITH THANKS TO NHBC FOR HOSTING THIS EVENT



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