CEO Forum held by The Housing Forum and Keepmoat 16th September 2015 in Leicester

"Investing in our housing estates –with focus on the East Midlands"

Key words: housing supply, right to buy extensions, business planning, existing stock, flexibilities

The conclusions of the forum were:

- Different development models , not reliant on grant, but using mixed tenure ,have held up well in recent years and can be expanded to deliver in the new regime
- "Pay to Stay "is anticipated to bring in further income, although many tenants affected may opt for the right to buy.
- On-lending by non HRA councils has potential to put in the level of funding into development programmes that can support longer term investment over 10-15 years.
- The impact of the 1% rent reduction is still working through and has led to delays in starting capital programmes which will take time to recover
- The impact of the right to buy extension is potentially significant for local authorities who are to fund replacement homes from the sale of high value stock
- Housing associations generally support a voluntary agreement on housing association right to buy sales

In his opening remarks and welcome, **Martin Smithhurst** covered the current environment in housing delivery and the impact on business plans of the 1% reduction in social rents. Government policy is focusing on ownership and some estimates are that up to 221,000 homes could be sold by RTB. The phasing in of funds to build replacement homes funded by sales of high value council homes will inevitably add delays so in the short to medium term, fewer social homes will now be built, reducing the overall social stock which will have an impact on those organisations working in the social sector. The energy sector is working through the reduction in FIT tariffs from 13p to 1.63p so some schemes are on hold although others are proceeding to commit as soon as possible. Partners are looking for other solutions: one way is a form of more enlightened J.V.s model, including partnerships with investors which will involve a move away from traditional grant support for rented accommodation. In summary, a contractor-plus model working with an investor who will purchase a larger site with potential for a number of development phases with the contactor partner taking on the risk of work in progress and design and development with funds arising from sales revenue.

The resurgence of housing in Leicester

Janet Callan summarised the priorities and challenges from Leicester City Council's viewpoint;

- Delivering enough homes to meet the city's needs: As a compact city, it is difficult to identify sufficient land for housing, employment and other uses. The draft Local Plan has a target for 1,350 new homes p.a. for the next 20 years, but with total supply in the last year at 957 new homes, Leicester is very much open for business!
- Securing the delivery of new homes in strategic regeneration areas (former industrial sites including Waterside, Abbey Meadows and St Georges) – these areas are being prioritised for the building of 12,000 new homes – equivalent to 54% of the city's overall target new supply. Many new homes built to date in these areas are flats yet the long term plan is to attract inclusive communities via a range of homes, including family accommodation.
- Delivering the right type/balance of new homes –Is the balance of different types of housing being built right? - 36% of new supply last year was for student accommodation and the city's universities help regenerate the area. Should the city adopt national standards for space and/or access? How will such standards impact on viability and supply?

Matt Cooney- set out the perspective from asra who currently have £45m a year development programme and £23m repairs and maintenance programme. Their largest community of interest is former LHA stock and that housing association gained a reputation for regeneration and took on ambitious schemes , such as former factories and coal field regeneration villages , New Deal for Communities, kick-start and a range of other funding streams. In the current environment, regeneration schemes will become more challenging and funds will reduce.

- A voluntary RTB extension which mirrors the council scheme with the same discount model with 100% compensation staggered 70% on sale and 30% coming on completion is supported. But planning which delivery mechanism to replace homes sold will have to be planned with councils.
- Operating costs will have to fall. Although housing associations have fairly good operating margins, cuts will still have to be made in the operating model and wider use of digital services.
- Looking ahead to devolution, there is interest in the strategic level of housing investment and now bids gone in, who is strategically in charge of housing investment?

Jeremy Kape, chair of The Housing Forum Working Group set out the case for a fundamental rethinking of asset management and a recognition that the sector should not continue rigidly with the Decent Homes Standard in its present form "**The future of investment in housing assets** "LINK called for flexibility not prescription. Improvements could be linked to rent flexibilities and landlords should be able to invest where they can achieve greater value over a portfolio of homes across the business.

- Understanding how housing assets perform is crucial and whole house models which offer comprehensive renewal, estate and community improvements and rent guarantees should be explored, along the lines of the energiesprong programme, now running in Holland.

The Nottingham perspective

Mark Lowe explained that the City of Nottingham had seen a significant increase in house building activity and much of this has been due to expanding student accommodation. The private sector has partnered on a number of major estate regeneration schemes with some demolition and replacement and this h has been transformational. In the future, the council will work with local housing associations both to support local council house building and may expand into the private rented sector.

Through the Blueprint Company, high quality market housing is coming on stream but s.106 contributions for affordable housing have not been taken up in some schemes recently.

Allan Fisher set out Nottingham Community Housing Association's approach to strategic asset management. It is a core part of NCHA's business philosophy to build in an element of sales and use the funds to reinvest in local homes. This allows a renewal of the stock and a strategic approach to ongoing investment. Stock profile software, GPS systems and Asset and Liabilities Registers support a progressive, property focused approach.

The following took part in the CEO Forum

- Janet Callan, Housing Development Manager, Leicester City Council
- Matt Cooney, Chief Executive, asra Housing Group
- Allan Fisher, Assistant Director of Development, Nottingham Community Housing Association
- Shelagh Grant, Chief Executive, The Housing Forum (Co-host)
- Steve Hale, Director of Property Services, Nottingham City Homes
- Ian Jackson, Director of Development, Longhurst Group
- Vicki Jessop, Principal Housing Manager, Wellingborough Council
- Jeremy Kape, Director of Property Investment, Affinity Sutton
- Mark Lowe, Regeneration Manager, Nottingham City Council
- Jyoti Madlani, Regional Business Development Manager, Keepmoat (Co-Host)
- Helen Newbury, Group Head of Programme & Performance, Waterloo Housing Group
- Purnima Wilkinson, Head of New Business, emh Group
- Richard Powell, Director, BM3 Architecture
- Geoff Prior, Executive Director Property Services, Northampton Partnership Homes
- Paul Senior, Regional Director, Keepmoat (Co-Host)
- Anthony Slater-Davison, Head of Contracts – Planned & Programme Works, Metropolitan Housing (Nottingham)
- Martin Smithurst, Regional Manager Director, Keepmoat (Host)
- Samantha Veal, Development Director, Derwent Living

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