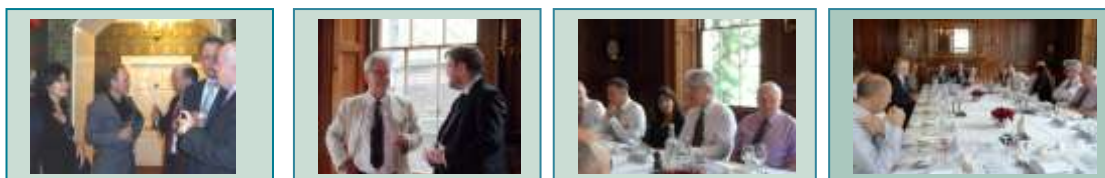




## “Private Rented Sector Initiatives”

**The Housing Forum – CEO Forum with Geeta Nanda, Thames Valley Housing; John Knevett, A2Dominion and Philip Pamment, PRP and Chair, The Housing Forum Working Group on “Building Homes for the future” - Wednesday 18<sup>th</sup> June 2014 – Hosted by NHBC**



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.

### TOPIC:

The topic for our June CEO Lunch is the Private Rented Sector (PRS) and covers investment, market share, customer focus, product and long term value and management. The forum discussed how the private rented sector can develop as a solution to the shortage of accessible, affordable and attainable housing in larger cities and towns.

**Geeta Nanda, Chief Executive, Thames Valley Housing** summed up the latest PRS offer from Thames Valley Housing - "Fizzy" - as the new "flat". Fizzy is a new approach to renting and shaking up the market with fresh ideas is its core value. Responding to the wishes of a new generation of renters has shaped a service which is welcoming, informative and backed by a 24hour service offer. There is choice, flexibility, an annual spring clean and instant connectivity for wi-fi packages. Fizzy undertakes its own marketing and the focus on customer service has achieved 96% satisfaction. Renters can access as many service as they want on line.

*Fizzy began with 2 schemes, in Canning Town and in Epsom - a deliberate plan to explore different locations and markets but always within 5 minutes of a station and now has 5 schemes of around 100 homes each, some smaller and some bigger. Funding came from private capital so the scheme has to work in commercial terms.*

*In the longer term, the Fizzy portfolio will expand - with a range including garden flats, 6-12 storeys and 12 storeys plus. Flats will be designed for renters, with emphasis on defect-free construction and reducing costs on interior services to ensure maintenance costs are predictable.*

*The Fizzy brand has clear values and these are being built into the design standards as it develops from an acquisition model to a build to rent model.*

**John Knevett, Group Commercial Officer and Deputy Group Chief Executive, A2 Dominion**, covered their long association with PRS, beginning nearly 70 years ago with key worker housing. The Group aims to expand to a self owned portfolio of 2,000 private homes, keeping at a ratio of around 5% of its overall stock numbers.

18 months ago, a plan was set out to expand the PRS business within A2Dominion's student and key worker accommodation area as a separate business stream and when total PRS numbers reach 1,000 later this year, A2 Dominion plan to launch it as a brand into the market heavily linked to its New Homes business.

Customers will be able to begin accommodation searches on line or at A2Dominion sales complexes with flexible multi-tenure options from a range of homes for sale, rent or shared ownership at each location. Examples of schemes being built or in rental already include Bristol, Southampton, Ashford and Middlesex - generally preferred locations are within a ½ hour commute to central London or in London on good transport links.





As a next stage, A2Dominion are currently considering offering transformational professional management and scheme development services to institutions and other investors.

**Philip Pamment, Director, PRP Project Services and chair of The Housing Forum Working Group "Building homes for the future"** discussed how the PRS and other initiatives to increase supply are emerging as part of the Working Group's conclusions including alternatives to the house builder model, issues of land supply, and investment.

The central issue is how is the PRS offer is valued compared to other opportunities when PRS will produce relatively lower financial yields. Offering different services will add value, so underlining the importance of the product. The Urban Land Institute has raised the question of a separate use class for the PRS - but is this worth making?

The build to rent approach now being followed by housing associations to populate the PRS offer is a clear candidate for BIM as intensive asset management will be part of the long term approach

Discussion centred on:

-  **The role of housing associations in the PRS market**  
Housing associations are in a strong position to support the delivery of the 5,000 PRS units in the London strategy. Housing associations could potentially do a lot more and lead the market in this area; the strong capital base would be a buffer to support this expansion.
-  **Investor potential**  
Pension and annuity funds are looking for 20-30 year interest and keen to support the PRS. £10bn. investment is potentially available.
-  **Keeping clear of further planning restrictions**  
A separate planning class could be counter-productive, encumbering delivery with more legislation and could lead to challenges on viability grounds. But it is possible to agree to offer a proportion of homes to applicants on a council waiting list.
-  **A maturing market?**  
Current issues are overheads – with 35% of revenue absorbed in management, lettings and sales. A more tailored model should seek to reduce this level which is potentially deliverable within a 3-5 year period from entering the market.

**The following were contributors to the Forum on PRS**

-  Jeffrey Adams, Group Chief Executive, United House
-  Simon Chatfield, Operations Director, Be:Here Ltd (Willmott Dixon Regen)
-  Denise Chevin, Writer, Content for Business
-  Danny Durkan, Executive Chairman Durkan Holdings Ltd.
-  David Edwards, Executive Director, Regeneration & Housing, Oxford City Council
-  Andy Hill, Group Chief Executive, Hill Partnerships
-  Richard Hill, Chief Executive, Spectrum Housing Group
-  Andy Hobart, Managing Director, Wates Living Space
-  Richard Jones, Group Head of Regeneration & Growth, EC Harris LLP
-  John Knevett, Group Commercial Officer & Deputy Group Chief Executive, A2 Dominion
-  Elliot Lipton, Chief Executive, First Base
-  David Lunts, Executive Director, Housing & Land, Greater London Authority
-  Jo McCafferty, Director, Levitt Bernstein
-  Mark Mitchener, Managing Director, Rydon Construction Ltd
-  Geeta Nanda, Chief Executive, Thames Valley HA & Director of Fizzy Living
-  Philip Pamment, Director, Project Services, PRP
-  Andrew Screen, Managing Director, GVA Financial Consulting
-  Andy Tookey, Partner, Baily Garner
-  Ben Derbyshire, Managing Partner & Chair, Housing Forum, HTA Design LLP (Co-Host)
-  Shelagh Grant, Chief Executive, The Housing Forum (Co-Host)

***THE HOUSING FORUM IS GRATEFUL TO  
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