

CEO Forum held in Leeds by The Housing Forum and Wates Living Space 22nd October 2015

"The Housing and Planning Bill and Local Housing Markets"

Key words: Starter homes, partnerships, local private rented markets, affordability as a constraint on supply

The conclusions of the Forum are:

- With many changes facing the delivery of affordable homes, partnerships have never been more important in sharing risk across the sector.
- The Housing and Planning Bill has a focus on starter homes for home ownership, which is only one part of the overall housing market; local authorities and housing associations are well placed to bring forward evidence and innovation to tackle housing issues locally.
- Local housing markets are changing significantly and the Forum heard of different private rented sector markets in several cities. In Leeds, Bradford, York and Hull, there are examples where this is happening with a growing private sector separating into distinct sectors defined by location, heritage or value.
- The Government's policy ambition is housing growth and home ownership, with starter homes as a re-designated affordable housing product. Can starter homes drive growth in areas where value are low and improve the overall housing offer?
- At a local level, the capacity for starter homes need to be assessed; sales are likely to go well at the 80% market value offer
- The view is that the Government is unlikely to intervene on the quality of starter homes - the approach is not to regulate in order to allow the market to innovate
- Shared ownership is seen as high risk by lenders but is not well understood – housing associations can support shared ownership even with sale to rent options and shared ownership is a better option than starter homes in some locations.
- Land supply is not the main planning issue – this is a need for landowners to make land available at a reasonable financial offer.
- Housing association stock sold under the right to buy extension may be replaced by homes built in different areas where costs are lower.
- There are merger studies underway in the housing association sector driven by 1% p.a. rent reduction with many reducing costs to focus on core services and considering whether to continue to build after the AHG concludes in 2018.

Andy Doyle gave the opening position from the perspective of Wates Living Space (WLS) on maintenance and housing construction. The focus of HAs 18 months ago was on welfare reform issues and fuel poverty and their impact on rental income and financial plans. Now the context has moved with HAs focusing on their 30 year plans and viability, considering



how to maintain existing development programmes which will need to have a far greater level of home ownership solutions being built for full or part sale. At site specific level, will starter homes be a total replacement for all affordable rent?

Partnership initiatives will have an increased level of importance in the era of reduced rent income affected by the need to maximise the value of land and assets, leading to greater risk sharing and working in true partnership to achieve more value.

WLS see this as a time of both challenge but also one of opportunity work even closer with HAs and LAs through innovative development and maintenance models and solutions based on a true win: win ethos.

Liz Cook's analysis of The Housing and Planning Bill is that it is difficult to predict the outcomes as the Bill does not address the whole housing market but focuses on elements that the Government wants to change, primarily influencing the social rented sector and elements of the private rented sector. The focus will be on access to owner occupation 'starter homes' for young people who are not currently not able to buy. There is much in the Bill left to regulation and that may change if future circumstances change. The opportunity for local authorities to build through the HRA has been constrained by the 1% rent reduction.

The partnership issue is really important and local authorities, housing associations and the private sector should work to develop relationship with local politicians on local issues.



John Hocking referred to JRF research which has modelled future housing scenarios with the concern that the Bill and policy at present do not recognise the central problem in housing supply which is one of affordability. JRHT offer flexible shared ownership and both sell and buy back shared ownership properties. Over a number of years, JRHT have sold and bought back in equal measure which shows the fragility of owner occupation at these levels.

In York, there has been limited interest in the right to buy extension so far because values are relatively high. The deadline for local plans is welcome as plans to expand locally in York have stalled making external pressure essential.

"Pay to Stay" from April 2106, could encourage affected tenants towards the right to buy but many purchasers do not factor in the need to fund future repairs and maintenance costs.

Mixed communities can be sustainable – a long term study in relationship mapping at Derwenthorpe shows a blend of contacts between tenures, creating a more integrated community.

The starter homes offer is positive and affordable in the north, although the 20% discount may not be enough in south, in **Frances Chaplin's** view. If we get the starter home product right in quality and location, it will be start on the housing ladder for many; the product needs to be simple, easily maintained and efficient and a fit within a sustainable community.

Brownfield sites will not be the ideal location for all starter homes. The real issues is whether an affordable product can be built by the industry when the average major house builders selling price is £500,000 in the south and £200,000 in the north. The Bill is not specific enough in addressing affordability.

Geoff Egginton explained that in terms of social rent Buildmark Choice registrations, there



has been a very significant fall in the north in recent months due to factors associated with the completion of the 2011-15 AHG and uncertainty over future developments since the July budget. Some s.106 plots have been converted to private sales which may continue if housing associations do not take them up. Housing associations considering a move into home ownership sales to support mixed development will need to develop commercial skills.

There is a gradual rise in new build registrations from 150,000 last year to a likely 165,000 this year. Builders cite problems with the planning process probably associated with staffing shortages in local authorities and whilst the industry may have got through the worst of materials supply issues, manpower resources in project and commercial skills are an ongoing issue. It was worth noting that the industry has actually begun to exceed the long term annual average of 159,000 annual registrations and has doubled its output since 2008.

The following took part in the Forum in Leeds

- 🏠 Frances Chaplin, Partner, PRP
- 🏠 Liz Cook, Chief Housing Officer - Housing Management, Leeds City Council
- 🏠 Andy Doylend, Partnership Housing Director, Wates Living Space (Host)
- 🏠 Geoff Egginton, Regional Director, NHBC
- 🏠 John Flower, Business Director, Wates Living Space (Co-Host)
- 🏠 Justine Gore, Head of Development, Yorkshire Housing
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum (Co-Host)
- 🏠 Michael Holling, Business Director, Wates Living Space (Co-Host)
- 🏠 Rob Harbourne, Development Manager, Sanctuary Housing
- 🏠 Nic Harne, Assistant City Manager - Housing Strategy & Renewal, Hull CC
- 🏠 Tracy Harrison, Commercial Director, Northern Housing Consortium
- 🏠 John Hocking, Executive Director, Joseph Rowntree Housing Trust



The cross-sector membership
network for housing and construction

"More Homes, Better Homes"

- 🏠 Dilys Jones, Area Manager, Homes & Communities Agency
- 🏠 Jez Lester, Assistant Chief Executive (Asset Management), Incommunities Group
- 🏠 Amber Malone, Senior Development Manager, Home Group
- 🏠 Louise Murray, Development Manager, Wakefield & District Housing
- 🏠 Will Perkins, Managing Director, SE Controls
- 🏠 Phil Storey, Senior Project Consultant, Marshalls

WITH THANKS TO WATES LIVING SPACE FOR HOSTING THIS FORUM