

Spotlight

HOUSING: ADDRESSING A CRISIS

John Healey MP / Sadie Morgan / Laura Pidcock MP



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Open

“Labour has a radical and deliverable housing plan. The government has no plan”

Shadow housing minister **John Healey MP** talks to Augusta Riddy about Britain’s “broken” housing market, and his plan to fix it



It is now summer recess, and without its MPs Portcullis House is quiet. John Healey, however, has yet to return to his constituency; one of his team jokes that only her boss would be charting their “priorities” for the summer. A member of parliament since 1997, the Yorkshire native was a treasury minister for five years under Tony Blair and Gordon Brown, before becoming minister of state for housing and planning in 2009. Apart from a couple of months spent away from the front bench in 2016, he has served as shadow housing minister under Jeremy Corbyn since September 2015. Does that make him a housing expert? Laughing, he concedes that in comparison to the six housing ministers that have been appointed since 2010, “it’s relatively long.”

That most of the Conservative manifesto has been scrapped is widely acknowledged, but Labour’s manifesto continues to guide the party, and has retained its electoral relevance. Housing was not one of the top issues for voters, and the launch of their housing manifesto, “Labour’s new deal on housing”, was overshadowed by the Manchester terror attack. “In the election campaign, it [housing] was in some ways the dog that didn’t bark.” Both Healey and the Prime Minister agree, however, that moving forward the “broken housing

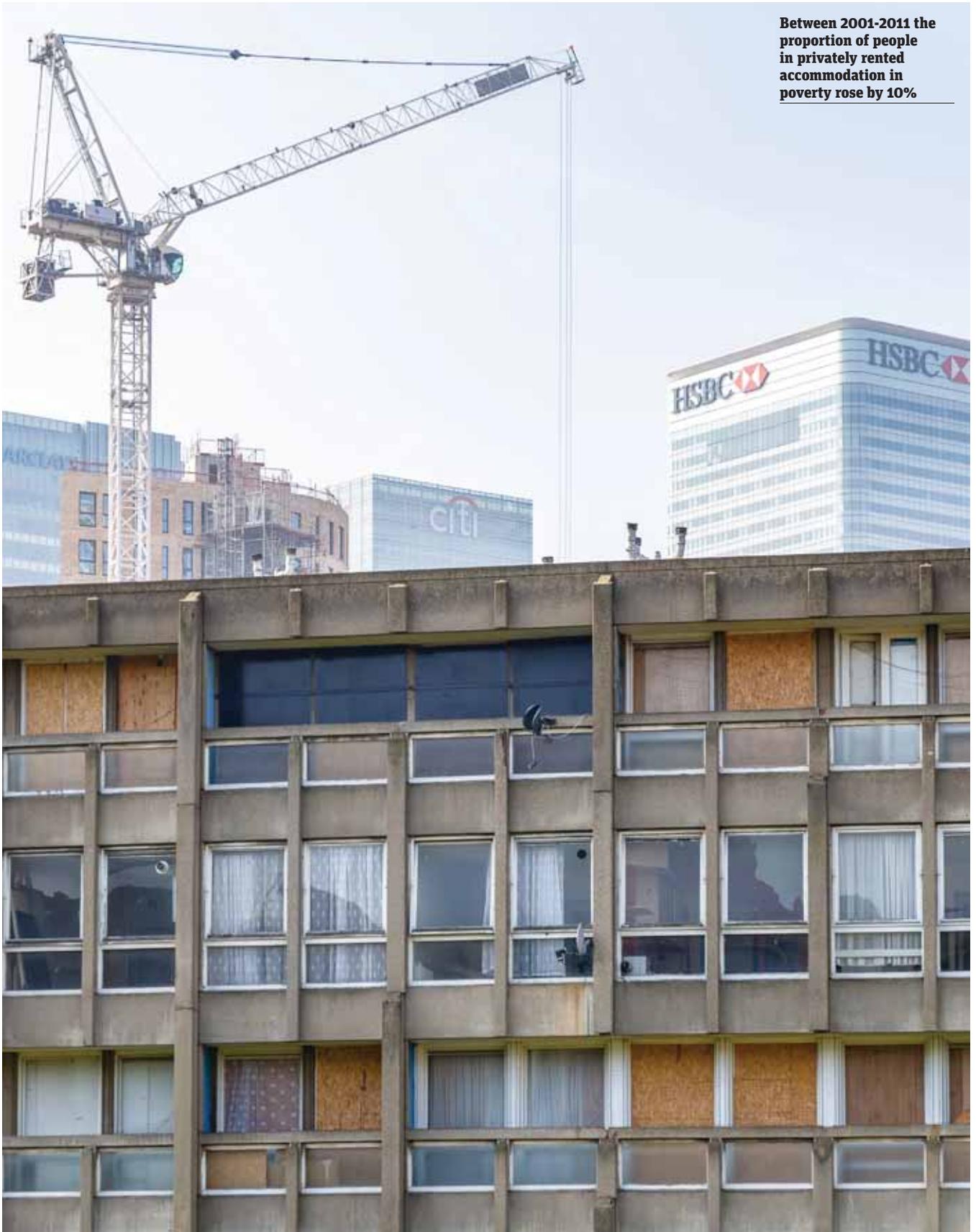
market – direct quote from her” will be a major issue.

He now has a steely eye on the future. “We’re in a very strong position post-election because we have a comprehensive plan for housing. The government has no plan.” In the absence of a Conservative majority, Healey believes that Theresa May is unable to deliver necessary housing policy. “Her deal with the DUP covers the Queen’s speech, Brexit-related legislation and budgets. There is no agreement, no majority, and therefore no plan for domestic policy including on housing.”

“Since 2010, we’ve seen the number of under-45s owning their own home drop by 900,000 and now home ownership generally is at a 30-year low. Everyone knows someone who’s affected, someone who can’t get the home they need or aspire to.” Labour would launch the biggest council house building programme for over 30 years, he says, as part of a programme to build a million new homes over a parliament. To address rising homelessness, Labour would make 4,000 new homes available to people with a history of rough sleeping. Housing is such a policy priority that it would be given its own government department.

Avoiding the Labour flytrap of affordability Healey wants to be clear on the investment required for this “new

Between 2001-2011 the proportion of people in privately rented accommodation in poverty rose by 10%



deal between government and citizens”, but has Labour been successful in getting that message across? “No. We have to work harder at that. You’ll see in the housing manifesto a commitment that this requires no more borrowing from day-to-day spending, and simply returns the level of capital investment to what it was in the last year of the last Labour government. This is a radical plan but it’s a deliverable plan, and it’s costed.”

Healey has the gift of political hindsight. “The fact that I did the job in government in 2009 and I’m now shadowing the government has the advantage [that] I knew what we did then and I can see what they’re doing now I can draw some of the comparisons.” Does he find the comparisons depressing? “No. If the public aren’t angry about housing, I am. If the public don’t believe there is an answer to the housing crisis, I do.”

Healey possesses a strong ideological conviction in the role of government that runs through his proposals. He laments the public loss of faith in the power of the state, “a lack of belief that government, national and local, has a role to play. I don’t accept any of that but what I do accept is that that defines the fundamental challenge for us as politicians. We have to set out a plan that makes people think ‘I could see Labour in government doing that, if it was given the chance and it would make a difference to me and the people I know.’”

“I would love to get back to a situation which we had post-war for decades, where there was a broad cross-party consensus on the housing needs of the country. A recognition that public housing as well as private housebuilding had a role to play.”

He is highly critical of Conservative small-state thinking, which he calls “inflexible, dogmatic, non-interventionist”. “The deeper problem for Conservatives is that they tie their own hands with their free market ideology.” In light of the Grenfell tragedy, Healey refers to remarks made by former fire service minister of state Brandon Lewis, “when challenged over some of



Kensington Council claim to have a council housing maintenance fund shortfall of £87m over the next five years

the actions necessary on fire safety, the minister said: “That is not a responsibility for government,” citing the principle of two regulations out one regulation in.” Healey calls this position “shameful”.

Shadow chancellor John McDonnell said the Grenfell victims were “murdered by political decisions”. Was Grenfell a mass murder? “No. I would not use those words. But none of us can escape the really brutal, cruel truth that that disaster was man-made.” For Healey this is not so much a case of individual blame, but once again relates to the roots of political thinking and a resistance to regulatory intervention. We are seeing “the consequences of seven years of deep cuts to local government capacity in areas that are essential, but not visible.”

Any perceived failure to act on housing fire safety has not dented former housing minister Gavin Barwell’s career, who was recently made Theresa May’s chief of staff. Barwell was accused of sitting on a coroner’s report from a fire in Lakanal House in 2009, in which six people were

killed, but to be “fair to Gavin Barwell, successive housing ministers before [him] failed to act.” And what of the latest Conservative housing minister offering, Alok Sharma? Healey seems similarly uninspired. “Nice man, with a tough brief.” Healey has urged the government not to wait any longer before undertaking a fire safety review. “Any conclusions from the [Grenfell] investigations can be incorporated, but don’t kick it further down the road. This was not just any old report, this was a rule 43 letter that coroners prepared for government, when in their view government can prevent the future loss of life.”

Reflecting on the aftermath, he speaks plainly on how he and Labour will move forward. “That’s our responsibility – to pledge to those Grenfell Tower residents and survivors that we won’t rest until everyone who needs help and re-housing has it, everyone who is culpable in this has been held fully to account, and that every measure necessary to make sure this can’t happen is in place. That’s both a



“The truth is that Grenfell was a man-made disaster”

political pledge from Labour and a personal pledge from me.”

Grenfell has imprinted itself on the public consciousness as a shocking reminder of housing inequality, but there is a broader dissatisfaction with housing which Healey describes as “a simmering resentment and frustration which is increasingly widespread”. An inability to meet rent, to stay in one’s community, or to move out and buy a home are all personal ramifications of a market weighted in favour of the wealthy. Is the housing market stable? Healey seems peeved by the question. “The question for me is not if it’s stable. Is it fair, is it functioning properly?” With Brexit on the horizon, he admits that the market could become strained, “if you take the view that Brexit is likely to lead to an economic slowing, an increase in costs, and therefore inflation domestically, it would seem a sensible move for government to act now in order to head off any potential problems rather than too late, and in panic.” The housing

manifesto pledges to reinstate a mortgage safety net, recently scrapped by chancellor Philip Hammond, which was in place under David Cameron and used by Labour “very effectively after the global financial crash and recession in 2008 to help homeowners who lose their jobs and can’t keep up with their mortgage.”

Can the metro mayors be big players in housing outside the capital? “The jury’s out for the metro mayors. A lot will depend on the force of personality, and on housing and planning their ability to bring people together to strike the agreements and partnerships.” Healey does not dispute the crucial role of devolution, but “everything to date has been relatively piecemeal. It’s been a political branding exercise by and large led by George Osborne to try and show people that the Conservatives care about the north.” With the re-routing of HS2, Healey is dealing with the fallout of the former chancellor’s policies in his own constituency. “We face the worst of all worlds at the moment which is the HS2 route running right through south Yorkshire without stopping.”

Electorally, Healey remains focused on recapturing traditional Labour ground. “We have some deeper weaknesses to deal with. In the midlands and the north, a generally white working class vote that has moved away from Labour, and lost confidence in us.” He is a familiar face on the doorstep across the nation, and lends his time to Labour colleagues. “I see that as part of my shadow cabinet job, week in week out ... in the last couple of weeks I’ve been to Ipswich, Northampton, Peterborough, Sheffield Hallam, Kensington. I think politicians should perennially be on the doorstep. I never see any seat as secure”.

What Healey finds “indefensible” is the acknowledgement that the housing market is broken, unaccompanied by a legislative agenda to improve the situation. “You’ve got a government rightly pointing to the problems but not willing to offer any action.” He believes the solutions are out there; all you need is a plan.

Is the housing crisis really a planning crisis?



The shortage of homes can be traced back to years of ineffective and short-sighted government planning, writes **Justin Wickersham**, managing director of Optimis Consulting

Why are we not building enough homes to house a growing population? There has supposedly been a housing crisis for decades; most people have a view on who is to blame and what we should do about it. It's an emotive subject; there are those that want to live in better houses, away from their parents, or for some, simply any home will do. We are all affected by the housing crisis in one way or another. As one political party advocated in their manifesto: "We should all have a safe, affordable, secure and warm place to call home."

The plight of the homeless is a growing problem that is not being addressed in any practical way and it is a growing financial burden for the government. But maybe when one looks to wag the finger of blame, perhaps the government, at both local and national level, is the architect of its own downfall.

Rising house prices, development on

the Green Belt, not enough affordable homes, sub-standard housing and other media attacks have often been directed at the house builder, but the poor supply of homes is where the crisis is today. While councils do not build houses anymore, can they really consider themselves absolved? Is the poor supply of homes being fairly directed at those that are at the end of the process, and should we perhaps blame those at the beginning of it?

There is clearly no doubt about the need for new homes to meet the growing demand. Every major political party has stood on their ballot box at some time this year to promise to deliver more homes. They have been vociferous in their mantra that they are the ones to trust and if in power, they will make their stand and they will deliver. And now the new housing and planning minister, Alok Sharma, has an opportunity to succeed where others have failed.

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The demand for homes is further demonstrated, ironically, by the sight of an increasing delivery of housing developments, the roads on the edge of towns and villages smeared with soil from construction vehicles. Noise complaints flood the council offices as tradesmen start work at ungodly hours. Multiple contractors double parking on roadsides are lured into extra hours and double shifts to deliver the homes, ready for occupation at Christmas.

The skyline in London is awash with cranes, working tirelessly at all hours to deliver high-density living in the nation's capital and yet it is still not enough. We should not be fooled by the "land bank" myth; there is not a huge supply of undeveloped land awaiting construction, held back by house builders "playing the market", as some commentators have indicated. House builders are not known for buying land with planning permission and sitting on it. They are highly geared commercial

giants that pride themselves on their Return of Capital; why would they pay millions of pounds for land and leave it inactive?

The truth is that housing land supply is controlled by the government, at both local and national level. It is the government that has the power to deliver the quantum of homes for the nation at affordable prices and to set the quality standards.

The crisis, in reality, might be a planning crisis. The delivery of homes is controlled by the government through a planning system formed in the 19th century, but first enacted in 1947. For 70 years we have had a system that is relatively straightforward, it is a regulatory function, for local government to prepare a Development Plan and then to consider the merits of new housing proposals in light of that plan.

The Development Plan is the cornerstone of the planning system, it

sets the vision for a council to deliver housing in quantum, location and standard. The preparation of the plan is informed by detailed technical studies prepared by experts. Once adopted, the plan provides clarity for a period of around 20 years. Every five years the plan is reviewed and updated.

Simple? Effective? Transparent? One might think that such a process would be easy to achieve and yet in the past 70 years over 20 per cent of all local authorities have never managed to complete the process of adopting their first Development Plan.

Around 70 planning departments in England have never managed to deliver a plan that sets out their needs for housing for the foreseeable future.

In 2012, the government reset the expectation, setting new National Planning Guidance that required local planning authorities to deliver new up-to-date plans. A fresh start, a chance to right the wrongs of past ineffectiveness. However, recent research has indicated that only 31 per cent of all Councils have successfully adopted a new Development Plan since 2012. Whilst some are close to adoption, 50 per cent do not have any sort of an up-to-date adopted plan.

The abject failure of local government to collectively plan for the delivery of homes is unacceptable. Despite the incentives of the New Homes Bonus and threats to introduce special measures, local planning authorities have remained brazenly ineffective.

The planning system is not working, or maybe the government officials are not working, because collectively they have failed to prepare the plans that are vital to guide and then deliver new homes for the nation.

There is a planning crisis and it needs to be resourced and resolved. As the new housing and planning minister takes up office – the sixth housing minister in nearly as many years – let's hope that his first task is to resolve the planning crisis and then we can deliver for everyone, "a warm place to call home."

Sadie Morgan, co-founder of dRMM Architects, talks to Rohan Banerjee about her appointment to an elite taskforce by the Mayor of London, to deliver new sustainable neighbourhoods

A new blueprint for London



dRMM Architects' Trafalgar Place, a 235-home complex in Elephant and Castle, was nominated for the 2016 RIBA Stirling Prize



After the cladding system of the 24-storey Kensington block Grenfell Tower failed to prevent a kitchen fire from spreading in June, at least 80 people lost their lives. The Mayor of London Sadiq Khan vowed that the city should never again witness such a disaster; and the following month, he announced the launch of the Good Growth by Design programme – a multilateral place-making project tasked with instructing and building inclusive, attractive and affordable communities. Sadie Morgan, alongside Sir David Adjaye, is among the most high-profile of 50 “design advocates” appointed by Khan to lead the programme in delivering much-needed housing for London’s growing population.

Morgan, who is also design chair for HS2 and a board member on the National Infrastructure Commission UK, says that Good Growth by Design’s main

merit is in its “holistic approach”. “The programme,” she explains, “doesn’t just look at buildings on their own. We want a London that is resilient to change, working on the synergy between both the public and private sector.”

Design advocates will help Khan to set stringent design standards through audits and reviews, and to commission construction of the 50,000 homes a year needed to keep up with demand, while providing space for 46,000 new jobs, and the social infrastructure to support both. Good Growth by Design’s early influence has already seen revisions to London’s planning process, with Khan informing developers that they will have to provide at least 35 per cent affordable housing without public funding. On public land, this rises to at least 50 per cent.

That Khan has appointed so many different architects and designers, and from so many different backgrounds



— indeed, half of the design advocates are women and a quarter are ethnic minorities — is no hollow move. Morgan nods. “I think having that diversity of not only expertise — because one architect can’t know everything — but also experience, is hugely important.” One of the systemic issues that allowed the Grenfell disaster to happen, she says, is that construction is too often carried out with minimal collaboration.

“Ultimately, we’re making a city that’s for everyone”

DRAMA ARCHITECTS

“Right now, everything is done in silos. Different people focus on their own bit, but it’s the overlap that we have to get better at. That’s what Grenfell teaches us. The cladding was done after or independent of initial construction.” She links the point about experience, meanwhile, to fostering a greater sense of belonging in a community. “Ultimately, we’re making a city that’s for everyone and if you have a group of white, male 50-somethings designing everything then the way the city is built is really only going to reflect their experiences.”

The government inquiry into the Grenfell tragedy has said that it would consider the decision-making of Kensington and Chelsea council; namely the adequacy of building or planning regulations, the tower’s recent renovation and the response of authorities in the aftermath of the blaze, would form its focus. However, broader

questions on the nature of social housing will not be addressed at this time. Morgan feels that the inquiry is missing the point. “The building industry, collectively, needs to really think about how it delivers social housing. How do we procure buildings? What happens if we start cutting costs? Is short-termism really worth it when something like Grenfell happens? What matters more — some numbers or a quality of life? Frankly, people need buildings that are safe and communities that are engaging.”

Morgan’s own heightened sense of community, she reveals, stems from her upbringing in a Sevenoaks commune set up by her grandfather, where all ages and types of people lived closely together. “It was a social experiment which he wanted to carry out and explored the benefits of shared living space. We had one room per person and while there wasn’t a huge amount of space, we did all

“Clever, thoughtful solutions by designers”

dRMM's Maggie's Oldham is the first permanent building constructed from sustainable hardwood cross-laminated timber



like the feeling of responsibility we had to each other. Living communally might not be for everyone, but as demographics change and we have to deal with an ever-growing and ageing population, we may have to embrace alternative models.”

Morgan believes that the key to fostering better communities lies in giving residents more opportunities to interact. A recent holiday to Asia got her thinking. “Last year I travelled to Singapore, where I was pleasantly surprised at people’s ability to live in small compact spaces, combined with generous shared inside and outside areas with excellent communal amenities. Architects have designed sky gardens and are breaking up tall buildings every 30 metres – the maximum distance in which you can still recognise someone’s face – with outside open space. These are clever, thoughtful, solutions by designers.”

dRMM’s Trafalgar Place, Morgan says, represents exactly this sort of progressive approach. The 235-home complex in Elephant and Castle was nominated for the 2016 RIBA Stirling Prize and “steers away from the alienating size” of traditional high-rise builds. Trafalgar Place instead blends mini-towers, apartment blocks and town houses. Each apartment has been designed from the “inside out”, maximising its exposure

to light, and all come with either a garden, balcony or roof terrace. “The feeling of place gets harder to achieve the denser and higher you build. Yet too often, spaces and amenities that make place are lost in the first round of value engineering, or aren’t designed at all.”

Morgan accepts that there is “no silver bullet” for the housing crisis and it is only through variety that it can be solved. She suggests that the emphasis from concept through to construction “needs to be shifted towards building homes rather than houses” and warns that a failure to do so will leave London socially fragmented. “We need better safety standards and an inherent appreciation of quality as well as quantity. We can’t have a knee-jerk reaction to the housing crisis that just leads to more dense blocks. We need to think about how to integrate living with working.”

What makes a house a home? “Design is central to that. For example, mean, north-facing windows leave an interior devoid of sunlight. Getting to know your neighbour is easy when the stairway is designed for integration or localised use. It’s plainly unacceptable that people would live in homes that aren’t properly ventilated, don’t have good escape routes or are overcrowded. Come on, it’s not rocket science.”

Housing supply in the north: making places that work

Jo Boaden,
chief executive of
**Northern Housing
Consortium,**
explains how we
can bring about
positive structural
change to the
UK's housing
markets

Much has been written about the United Kingdom's broken housing markets and the impact this is having on those looking for a new home. Until recently virtually all efforts to address the situation have focussed on a single objective: to step up development. We all know how urgently this is needed in many parts of the country; however, recent work by the Northern Housing Consortium is showing that we need a more nuanced approach to run alongside this if we are going to bring about positive structural change to our housing markets.

The primary area we have picked up on is the fundamental importance of raising the quality of place – tying in economic opportunity to improving existing homes, environmental works and empowering communities. There are too many places across the north where we are still tackling the enduring challenges of our industrial past: poor-quality, unpopular homes and low-value, unviable brownfield sites are two of the more tangible aspects of this. How can we allow such assets to be underused at a time of such unprecedented housing pressure?

Across the north, exciting new industries are starting to flourish: science, health, digital and technology, pharmaceuticals, energy and advanced manufacturing. Our city centres have been transformed as investment interest has soared without suffering the polarising impacts that gentrification can bring with it. Work is underway to breathe new life into places in a way that reshapes them for a post-Brexit era, reconnecting people to the economics and decision-making of their area. In particular, there is a real

energy around the potential for local change through the new mayors. In theory, the potential and many of the tools needed to shape the kind of change we need to see in northern housing markets are there. So, why is this not happening consistently?

Our Commission for Housing in the North report proposed three recommendations to improve housing supply across the north of England. The recent white paper seized the opportunity on two of the recommendations – to increase programme flexibility and to boost capacity and we have welcomed this progress. Momentum behind the third recommendation, to develop new investment streams to support the regeneration of areas to meet local housing challenges and opportunities, is now starting to develop.

Our early work is suggesting we need an approach which has as its primary objective, turning places from those with high dependency on public subsidy to those which positively add to the local and national tax base. Housing is clearly only one aspect of this but it can be an absolutely crucial one – visibly bringing about improvement, providing choice and creating a platform to accelerate economic and social change. Some parts of the north, for example, have terrific opportunities to exploit their advantage in being able to provide affordable home ownership. With the breadth of economic and housing diversity we have in our regions, places need the freedom to develop their own routes to achieving this but first need the scope and confidence to make the kind of long-term commitment this work requires.

From recent discussions with leading players in this field, we urgently need a new conversation about regeneration – to modernise the term; to drive a new focus on place-making; to develop new delivery skill sets; to support efforts to build the confidence needed locally to undertake such schemes; and crucially, to better understand and champion impact in a way that will help us broaden our future approaches to housing.

For more information, please visit:
www.northern-consortium.org.uk

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Introducing Thamesmead: London's new town



John Lewis, executive director Thamesmead at Peabody, says that regeneration is about much more than simply building new houses

London's population is growing at twice the rate of the rest of the UK. It is no wonder, then, that the Mayor of London has secured a deal with central government to devolve £3.15bn to start building 90,000 new affordable homes by 2021. There is much more to do, of course, given the small number of new homes currently being delivered. Peabody is now one of the GLA's biggest partners and we are determined to do our bit in meeting London's housing challenge. We are also a major landowner and landlord with over 55,000 homes serving around 111,000 residents. Our focus is not just on boosting housing supply, but on constantly improving quality in our new-builds and our existing neighbourhoods.

One of Peabody's major areas of focus will be the regeneration of Thamesmead in south-east London. Sitting within the London Borough of Bexley and Royal Borough of Greenwich, and lying beside

four miles of undeveloped riverfront on the south bank of the River Thames, the town is currently home to 40,000 people. It was originally conceived in the 1960s as a thriving new town within London, but for a multitude of reasons this vision was never fully realised.

In 2014, the major landholdings and assets in Thamesmead were acquired by Peabody, putting us in a unique position to facilitate transformational change. Housing, community investment and over 100 acres of vacant developable land in Thamesmead is now owned by a single, well-resourced organisation for the first time in a generation. Our land holdings offer the potential to deliver 20,000 new homes in Thamesmead – a significant contribution to helping Londoners secure an affordable home. But with our partners we are going to go beyond just providing homes. One of the reasons that Thamesmead did not entirely succeed initially was that planners could not deliver the

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thousands of new high-value jobs, cultural and commercial prospects that the town and London needed.

That's why the community is at the core of everything we do. We have already begun to create a fundamental shift in the quality of existing homes, streets and public spaces. This includes extensive refurbishment of buildings, comprehensive repairs and maintenance projects, and a £10m fund to create beautiful and interesting public spaces for everyone to enjoy. We are in the process of selecting an architect for a state-of-the-art library in south Thamesmead set in a new 1,600-home development, and are providing a strong cultural offer with organisations like Bow Arts. In the Royal Borough of Greenwich we are already on-site in a housing zone scheme which will be 100 per cent affordable, and are seeking strategic investor partners at Thamesmead waterfront – an area which could deliver 11,500 new homes

and a redesigned town centre.

All of this progress shows the transformational power of transport. From the end of 2018 the Elizabeth Line will begin at Abbey Wood at the southern edge of Thamesmead. This will mean the town is just 11 minutes from Canary Wharf and 23 minutes from Bond Street. An extension of the Docklands Light Railway is also in the pipeline.

By the start of the next decade we hope to have made significant progress in attracting new investment, new retailers, educational institutions and creative industries to Thamesmead. It'll be a better connected, burgeoning location for businesses, with flexible workspace, shops, community areas and new homes. It is hard to think of a more exciting area in the UK at the moment. 50 years after its first homes were completed, we think that Thamesmead can finally begin to fulfil its potential as London's new town.

GOVERNMENT VOICES

The talk of Thamesmead

Labour MP for Erith and Thamesmead, Teresa Pearce

“Thamesmead has a great local community, and with new infrastructure and new housing, the town now has a real opportunity to grow and thrive.

“With Peabody's housing regeneration, and Crossrail services due to start next year, Thamesmead promises to keep going from strength to strength.”

Leader of the London Borough of Bexley, Cllr Teresa O'Neill OBE

“We are working hard with Peabody and the Royal Borough of Greenwich to secure the best possible future for residents and businesses in Thamesmead.

“These are exciting times for Thamesmead and through our new growth strategy we hope to create similar opportunities in other parts of our borough, so that Bexley and its people can play a full part in the continuing success of the capital's economy.”

Leader of the Royal Borough of Greenwich, Cllr Denise Hyland

“Our regeneration programme in Thamesmead and beyond is capitalising on the many positives of our iconic location. We have wonderful green open spaces, great places of historical interest, amazing museums and the world's most successful entertainment district – The O2 – just along the river from Thamesmead. We are also at the forefront of testing the technology of the future, including driverless cars, cementing Greenwich as a place of innovation and investment.”

Is the price of land causing the housing crisis?

Toby Lloyd,
head of housing
development
at Shelter,
explains how the
housebuilding
system is failing
homeowners, and
its effect on the
wider market

The Prime Minister stating “our broken housing market is one of the greatest barriers to progress in Britain today” in this year’s Housing White Paper is a startling admission and, although long overdue, a welcome one.

At Shelter, we’ve seen the staggering effect our housing crisis has had on hundreds of thousands of families up and down the country. Whether it’s tenants shuttling from pillar to post due to the unstable nature of renting, families languishing in homeless B&Bs for months and even years, or indeed the devastating loss of life in the recent tragedy at Grenfell Tower.

This just cannot carry on. But acknowledging the problem is one thing; doing something about it is quite another.

Of course, the underlying issue is that for decades we haven’t been building enough homes. And the few homes we are building are unaffordable for most people. Recent research from Shelter showed that eight out of ten working families who privately rent could not

afford a newly-built home in their area – even if they had been able to save up a large enough deposit. And it’s not as if they’re getting a great deal for their money either. The quality of new homes in the UK has been under the spotlight recently, following a series of scandals about shoddy workmanship. But the truth is that poor design, cramped living spaces in anodyne, soulless neighbourhoods have been all too familiar for decades.

Perversely, the profits of the country’s top five housebuilders have soared by an astronomical 388 per cent, to a total of £3.3 billion in 2016. Dividends to shareholders in housebuilding firms have jumped to nearly £1 billion a year – while senior executives have also pocketed eye-watering pay-outs. Clearly something is badly wrong.

Fundamentally, private housebuilding is overly dependent on a handful of big developers whose business model is reliant on house prices remaining high. Why? Because they must compete with other developers to pay crazy



England



Limiting supply

The easiest way to keep house prices up is not to build too many of them. Our research shows that housebuilders are on average neglecting to build one in three of the homes they are given planning permission for. Over the last five years, this has amounted to 320,000 homes going unbuilt, despite the planning system giving them the go ahead, which naturally helps keep prices up.

Targeting the top of the market

It's an open secret that developers focus on selling homes at the upper end of local prices. This might make perfect business sense, but it means new supply is doing little to make homes more affordable to people – in fact, it's likely to be dragging the average house price up.

Minimising construction costs

Having paid such a premium for land, developers are under financial pressure to cut corners on construction – with predictable implications for quality. Research by Shelter found that more than half of new home owners said they had experienced major problems with their properties, including issues with construction, unfinished fittings and faults with utilities.

Another cost cutting trick is to make homes smaller. New homes in England have long been among the smallest in Europe, thanks to the lack of decent space standards. Now even the “optional” standards that do exist are being targeted as developers blame them for increasing the cost of building. The inevitable result is that English buyers will get even less home for the massive prices they pay.

Minimising contributions

When they give planning permission, local councils can require the developer to provide a proportion of affordable homes as well as those for private sale. These Section 106 agreements are a cost on the development – but they're known about in advance, and so should be factored into the developer's bid to buy the land in the first place. Developers

sums for land to build on.

In *The Hunger Games* of housebuilding, the developer that offers the most to the landowner is the developer that makes the most ambitious claim about how much they can go on to sell the home for. Having done that and paid crazy sums of money for the land, their profit – and very existence – then depends on flogging the homes at the inflated price they factored into their land bid. There are a range of strategies a developer can deploy to keep prices high and maximise profits. They can limit the supply of homes, and target the top end of the market. They can cut corners on the build cost. They can try to minimise their contributions to the wider community – like the number of affordable homes they provide. And they can go to government and ask for subsidy.

Right now, all of these strategies are in play – and they go a long way to explaining why our housebuilding system is so broken.

For decades we haven't been building enough homes

If subsidies are removed, developers may stop building

typically drive a hard bargain, and few councils achieve their policy targets for affordable housing. But no matter what gets agreed it's always in the developer's interest to go back and try to reduce the number of affordable homes later.

Take the recent case of the Battersea Power Station. The company building 4,239 homes on the site originally pledged that 636 of these would be at sub-market prices and therefore more affordable to ordinary Londoners. Now, that number has been slashed to 386 – a reduction from 15 per cent of the development to a pitiful nine per cent.

The reasons cited for backtracking were difficulties over renovating the power station, a Grade II listed landmark; higher build costs caused by the weaker pound; and lower than expected profits from luxury housing. Developers are allowed to use secret “financial viability assessments” to show that they're not going to make a “competitive” profit. A whole industry now exists to provide such assessments, showing that affordable housing isn't viable any more.

Government subsidy

Programmes like Funding for Lending and Help to Buy, introduced in the wake of the financial crisis, have helped some people buy a home, but they have also kept house prices up. Help to Buy alone channelled £4.6 billion of public money into the property market in its first three years, while developer profits soared. If the subsidies are ever removed, the fear is that developers will stop building.

At the heart of this story are some awkward questions. Why is affordable housing seen as an optional extra, but rising developer and landowner profits are non-negotiable? Why must helping a few people buy come at the expense of worsening affordability for everyone else?

Of course we shouldn't expect developers to operate for no return at all. And landowners shouldn't be compelled to give their land away for free. But both developers and landowners are doing very well out of this system, at the expense of families struggling to afford

a home. And increasingly the taxpayer is paying the price: there's a good argument that the broken housing market is at the heart of the UK's “productivity puzzle” and the lost decade of economic growth.

A flawed system

In short, our current system of housebuilding is flawed. There are many complex factors in play, but the smartest solutions all focus on the land question. At Shelter we propose reviving the successful models of housebuilding that built many of our most attractive towns and cities. We call this the New Civic Housebuilding. In this vision, public bodies play a key role in bringing land forward for development, at low enough costs to make it financially viable to provide all the good things new places need: infrastructure, quality design, and affordable homes.

Getting land into development at a lower price means giving local authorities and development corporations the power to assemble sites by working with landowners, buying up private land, and contributing their own sites too, all at reasonable values. Once planning permission has been granted, the land can be passed on – not to the highest bidder, but to those who want to build the most number of good quality, affordable homes in the timeliest fashion. There are plenty of local builders, housing associations, councils and community groups ready to build them – if only they could get land with planning permission at reasonable prices.

Rather than get paid silly sums based on exorbitant market prices for inadequate numbers of homes, landowners and developers will be paid a fair price for what their land is worth. Smart landowners know that investing in quality delivers better value for them long term. This model of housebuilding was used to deliver the Georgian New Towns of Edinburgh and Bath, the Edwardian Garden Cities and the post-war New Towns, and there's no reason that it cannot be revived today – it just needs a government bold enough to make the leap.

How housing is ushering in a new era of innovation

The housing sector has been criticised for not finding its “innovation moment”.

David Done,
CEO of RHP Group, explains how they're on a mission to change this

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Here at RHP we're unashamedly obsessed with all things innovation. And that's not because we want to be seen to have the latest flashy product or service, but for the simple fact that the ability to innovate is imperative if we're going to build as many new affordable homes as we can. Two years ago when rent reductions were announced in the July 2015 budget, our world along with the rest of the sector, changed forever. The need to become more efficient coupled with the growing housing crisis meant we knew we had to start doing things differently, and fast.

Since then we've made two bold leaps. The first is called RHPi, the UK's first all-digital housing service. Our answer to combatting the housing crisis, it's designed to lower costs, so we can build more homes, whilst also improving service. We first rolled this service out for new customers in 2016. The idea behind it is simple: new customers get a good-quality home on a five-year fixed-term tenancy, are entitled to essential and emergency repairs and have 24/7 access to online services.

This doesn't just help us provide a better, more convenient service for customers, but lowering our operating costs means we can commit to investing £250m in building new homes over the next eight years. We were heartened by the response we got from customers experiencing this service, with 95 per cent surveyed saying they were satisfied; and we saw benefits financially too, with a 30 per cent reduction in customer contact costs.

Due to a successful pilot with new customers, in April 2017 (after consultation) we rolled out a fully digital service to all tenants. The first signs have been positive with calls reduced by 24 per cent and webchats increasing by 12 per cent. The knock-on effect of this is that we're seeing a decrease in our operating cost per home – a figure we hope to keep reducing.

As I mentioned earlier, RHPi is designed to help us build a lot more homes. These homes will continue to include those for social rent and shared ownership. But we knew to truly make a dent in the housing crisis there was another group of people we needed to target as well, which we refer to as the “intermediate market”.

This leads me on to our second key innovation: LaunchPod. LaunchPod is the first modular home to be developed in Legal and General's modular factory. The building method in the factory uses high-quality materials and ensures faster construction, a more eco-friendly build and a marked development cost reduction compared with more traditional builds.

We'll be using the homes to help the growing group of people who don't qualify for social housing but are priced out of the private market. Rent will be set at 80 per cent of the average market rate, meaning that they'll be able to save more money towards a deposit for a home of their own. The homes are sleek and stylish and the intelligent design from architects Wimshurst Pelleriti, with dedicated areas for cooking, eating, sleeping and work, makes it a very liveable space. We've identified a number of sites where we're confident we can deliver these homes and we're working up full planning applications.

So what's next? Well, one thing's for sure, for us innovation isn't just a moment, but a series of moments that all come together to achieve transformation in the long term.

RHP is a London-based housing company that owns and manages around 10,000 homes. For more information, follow us on Twitter: @RHP_UK

“Having a home is a right, not an investment opportunity”



The housing sector has fallen short of an acceptable standard for too long and many people are suffering as a result, warns
Laura Pidcock MP

In 1974, my 22-year-old mam walked into a three-bedroom house in a new town in Scotland. She was a hairdresser, newly married and had no children at this point. She was over the moon at the space, the garden, the playground out the front that she could envisage her future children playing in. It was affordable and she got it with relative ease. She even told me that, if she did not like the layout, the council said she could choose another. It was a fresh estate for families, built on the presumption that working-class people deserved it.

My mam’s start on the housing ladder seems unbelievable in 2017. That we are experiencing a housing crisis is rarely far from our news feeds. You would expect that a crisis would be met with some sort of urgency, but since 2010 new housebuilding has been lower than under any governing political party in peacetime since the 1920s.

My best friend, who is 30, rents in Hackney. She pays £630 each month for a room in a shared house. Her shower is grim and her oven door does not shut, making it infuriatingly slow to cook

dinner after a long day working in a school. She does not feel like she can complain to the landlord as he could find another tenant, willing to pay more, in the fiercely competitive market. She feels completely stuck, with no option but to spend her own wages on improving somebody else’s investment.

For all those 30-somethings outside of London renting privately is also increasingly normal. The north-east has seen the largest rise in the percentage of people privately renting – an increase of 212 per cent since 1996. I think it’s doubtful that this generation has ideologically opted to avoid the shackles of a mortgage in defiance of the capitalist system, especially not when we have been brought up on breakfasts of social mobility and home ownership equalling success. Instead, they are trapped in a high-rent, low-wage economy. Saving enough for a deposit is extremely difficult without family help, and for many this is not an option.

Affordable housing has become just a phrase. To illustrate the problem, you only need to look at how the percentage rise in wages has fallen far behind the



percentage increase in house prices over the last two decades. The median price paid for a home leapt 259 per cent between 1997 and 2016 while earnings rose only 68 per cent.

There is also the dread of the mortgage providers' credit check. It is frustrating that tenants may have been paying rent for 20 years, which is perhaps enough to pay off a mortgage. You may have made 240 regular payments, but this contributes not a jot to a lender's

assessment of your reliability as a debtor. Many people reading this will have secured 100 per cent mortgages. Those of you who have children aiming to buy you will know they are now few and far between. It seems that an ability to save, or borrow (away from the banks) is now a prerequisite of ownership.

And what about today's socially rented sector? It's a far cry from the 1970s' fresh family home that my mam was offered. Council housing is severely underfunded, social housing grants have been cut and the pervasive dogma is that council housing is the last resort for those who believe they have other options - and the only option for those who have no choice. Having represented people in both council homes and now housing association accommodation, it is clear that they are often in a state of disrepair. I see tenants in my constituency struggling to maintain their properties, in protracted discussions about repairs.

Many look to individualise these conditions, to blame the people involved for being lazy, slovenly and lacking in good old-fashioned pride in their communities, rather than trying to understand the societal conditions that lead to dilapidation. When social housing is so scarce, it is often those with the least material wealth and the most complex lives who qualify for a house. Their needs are part of the qualification for the house. If you are long-term unemployed and have minimal income, it can have a severe impact on your ability and motivation to create an environment which is healthy and aesthetically pleasing. It is ridiculous to suggest that when many of my constituents are struggling to put gas and electricity on their meters, they might just pop to B&Q for a lawnmower.

The mass sell-off of council houses, (my mam's first home is now a privately-owned), had an incredible impact on not only the availability of housing, but also on the way in which these community assets could be managed and maintained. Changes to the welfare system have seen many tenants fall into rent arrears for the

first time. The Bedroom Tax was only the start. This problem is being made worse by the monthly payments central to the new Universal Credit system, which means that tenants will get their rent paid direct to them rather than through housing benefit to the housing provider. It is further exacerbated by a potential six-week wait for the first payment.

Dwindling rent revenues, taken alongside depleted stock and severe reduction in grants, mean that unless there is a different government, one which recognises that housing is a right rather than an investment opportunity, we will be accepting that it is OK for people to be homeless or in inadequate housing.

I know it is easy to point out the problems and so much harder to provide the solutions, but it is abundantly clear that the solutions do exist. They have been written about by experts for years. There have been valiant and creative efforts at a local level to create more housing but this has been despite, not because of, national government support. We need an urgent national and local authority-driven social home building programme, democratically controlled by residents; we need rents to be truly affordable and properties that are energy-efficient to help people out of fuel poverty. We should not be afraid to punish landlords if their properties fall below acceptable standards. We should cap rents and enforce more secure tenancies. For those who, with a little help, could buy, we should ensure that the length of time they have paid rent is counted towards their reliability as debtors. The state should provide loans for deposits with little or no interest to help those who do not have the bank of mam and dad to fall back onto. This could be regionally capped.

Between 1945-1953 there were 750,000 council homes built. From the ashes of war, it was brave political ideology that propelled people out of slum housing and homelessness. I want my constituents and those further afield to feel the excitement of a new home to call their own.

Breathing new life into country living

Community-led projects in rural areas can help us to solve the housing crisis, according to Sue Chalkley, chief executive of Hastoe

There is general agreement that the nation is facing a housing crisis. It is also acknowledged that the crisis is not the same across the country, but rarely is it acknowledged that the crisis in rural communities is seriously impacting on the economic and social future of rural England. Hastoe cares deeply about rural England and has been working with parishes and villages, providing homes that allow people who live and work in them to stay contributing to their community.

One in five of England's population live in rural areas – where only 8 per cent of homes are affordable, compared to nearly 20 per cent in our cities and towns. In the mid-1980s, 24 per cent of rural homes were affordable. This stark decrease, mostly caused by the Right-to-Buy scheme, is continuing and as a result the rural demographic is changing dramatically too.

Rural housing costs approximately 11 times more than average local salaries and the lack of new affordable housing in England's rural areas means that our villages are increasingly becoming the preserve of the wealthy. Of course, no village can thrive without young people and young families, but once a primary school has been closed because there are not enough children, very few families will consider staying in or moving to the village. Already in some rural districts, almost one third of the population is over 65 and by 2036, according to the Office for National Statistics, large swathes of the country will have retired populations of between 30 per cent and 40 per cent.

At Hastoe, we firmly believe that

working with communities on housing schemes that are the right size for them, at a pace that is right for them, providing homes that they have been integrally involved in producing, can breathe new life into rural communities.

This community-led development model is specific to rural specialist housing associations and to other entities such as Community Land Trusts. It starts with the community, who invite us in to help them with the provision of new homes for their families, and it involves local people at all stages. Over the years, it has delivered thousands of genuinely affordable homes for rural communities, and has helped villages thrive and grow.

However, with the government's decision that schemes of less than 10 homes do not need to deliver any affordable homes, our small community-led schemes are even more vital to rural England. In fact, unless the government reverses the ruling about these small sites, two thirds of new rural affordable homes will be lost and it will only be our small community-led schemes that will be able to provide any rural affordable housing.

The government's Community Housing Fund, designed to help tackle the lack of affordable housing in rural and coastal areas where there is a high level of second home ownership, is an excellent incentive for this community-led model. We are already using the fund to build much-needed rural homes and are delighted that this need has been recognised and provided for. It is vital that we work with and for rural communities when developing new homes. For Hastoe, it is very important that the community experience of building new homes is a positive one. It is possible and this is evidenced by the number of times a community invites us back to provide more new homes – in two villages we are now working with them on our fourth schemes.

Many rural communities are proud of their new housing developments and many are asking for more. This is surely the way forward.

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Spotlight



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Better housing for older people could improve social cohesion and reduce the strain on public services. Rohan Banerjee talks to Heidi Allen MP, housing expert Maria Brenton and architect Sarah Wigglesworth about how this can be achieved

Housing the older generation

Older Women's Co-Housing's New Ground development in Barnet is the UK's first purpose-built shared housing complex for women over 50



The United Kingdom's population is not only growing, it is growing older. The Office for National Statistics projects that between 2015 and 2020, a period when the general population is expected to rise by 3 per cent, the number of people aged over 65 is expected to increase by 12 per cent (1.1 million). The number of people aged over 85, meanwhile, is expected to increase by 18 per cent (300,000); and the number of centenarians is expected increase by 40 per cent (7,000).

But vastly improved length of life, one of the great triumphs of the last century, looks set to provide some of the great challenges of this one. Where will all these people live? Are houses suitably safe for them to live in? And do we have a National Health Service capable of meeting greater demand?

According to the Nuffield Trust, more than two-fifths of the UK's health budget is spent on people aged over 65.

Conservative MP Heidi Allen warns that the correlative relationship between housing policy and healthcare should not be underestimated. She says that poor-quality housing can put "an increased strain" on the NHS if the designs of buildings do not meet certain standards for safety. Allen secured an amendment to last year's Neighbourhood Planning Bill which requires local authorities to "actively consider" the needs of elderly and disabled people when identifying strategic priorities for the development of land. She explains: "Absolutely, the needs of older or disabled people need to be considered from the planning stage. This government is working hard



“People must have a support network around them”

TIM CROCKER / POLLARD THOMAS EDWARDS

to halve the disability employment gap and the pressures on public services. People need to be able to live independently and not have to worry about constant visits to the hospital because they’ve fallen.”

Labour MP Clive Betts, who chairs the Communities and Local Government Committee, believes that improving living conditions for older people could also contribute to dealing with the UK’s wider housing crisis. At the launch of the committee’s inquiry into housing and older people, Betts said that many older people are prone to “under-occupying” larger homes, possibly due to the death of a spouse or children moving away; and by re-housing them more efficiently, the UK could not only improve their quality of life, but also free up valuable space. “Many pensioners

may be interested in downsizing,” Betts pointed out, “but are restricted from doing so by a lack of suitable options. Given the rising number of older people, there appears to be a glaring hole both in the housing market and in the way that authorities plan. Getting this right could help to ease the housing shortage and improve wellbeing for older people.”

Maria Brenton, project consultant at Older Women’s Co-Housing (OWCH) and a UK Co-Housing Network ambassador, thinks that shared accommodation complexes could help to improve how the UK manages its ageing population and relieve pressures on the NHS. The former university lecturer was inspired by a co-housing project for pensioners in the Netherlands, and in 1999 presented a Joseph Rowntree Foundation workshop discussing the prospect of delivering something similar in the UK. A group of six older women who already knew each other attended the workshop and decided they would look to mirror the Dutch example, creating their own co-housing community in London. OWCH’s New Ground development, which comprises 25 flats in Barnet – 17 leasehold and eight for social rent – is the UK’s first purpose-built co-housing complex for women over 50. OWCH’s aims, Brenton says, are to make sure that older people “retain their agency” and “have a support network around them”, rather than being like traditional, potentially restrictive, retirement homes.

Older people, Brenton adds, are more likely to become socially isolated, “which is where OWCH’s regular group activities, such as shopping or cinema trips, come in. Older women who live alone are relatively unsupported and this can get very lonely. The idea behind OWCH was to provide a community feel. We’d like to roll this out as a model nationwide. More self-determination would keep older people happier and therefore healthier, and reduce the demand on healthcare services.”

Thanks to planning, contractor and construction issues, it took OWCH a long time to find a suitable site. A site

“The UK has an outmoded view of old people”

was finally purchased for OWCH by the Hanover Housing Association in 2011 and planning approval was granted by Barnet Council in 2013. “When we started, we didn’t have a clue about raising capital, and, as an older and relatively low-income group, were not in a good position to borrow. A basic OWCH ideal from the start was a commitment to include women who lack equity and therefore need an affordable rent. This led us in the direction of several housing associations, and one, Hanover, found us a site in 2010 and kindly forward-funded the scheme for us. On completion, they sold the property to 17 OWCH buyers and to Housing for Women. We participated in designing our user-friendly building with the architects and it was good to get people involved during the construction phase in terms of letting the designers know exactly what they needed.”

That New Ground was not especially easy to complete, Brenton suggests, is the result of the UK’s “outmoded view of old people”. She continues: “We have a centralised society and I guess that OWCH represents a decentralised initiative. There’s a lot of ageism nowadays. The older population gets seen as an object or a burden on the welfare state. We need a new vision of old age which focuses on capacity rather than incapacity. There’s still a lot of 19th-century paternalism in the welfare state and we need to start helping older people to look after themselves better, so they don’t need to be looked after by someone else.” How might government, at local or national level, help organisations like OWCH to achieve their goals in their future? “Government should look at the wider social value of such projects rather than just in monetary terms. Land should be available more cheaply and there needs to be flexible planning requirements. They should recognise everything that has a knock on effect and that reduces healthcare expenditure.”

Another project which links the housing of the elderly to the healthcare system is Designing for Wellbeing in

Environments in Later Life (Dwell), delivered through a partnership between the University of Sheffield and Sarah Wigglesworth Architects. The three-year project, which focused on building bespoke housing and neighbourhoods for senior citizens, was funded by UK Research Councils and concluded last year. Wigglesworth, who previously held a faculty position in Sheffield’s department of architecture, says she jumped at the chance to be involved with Dwell. “My parents went through a tough time as they got older, and as I’ve got older myself, I’ve thought a lot more about how I’m going to manage my old age.” Wigglesworth says that many issues that older people face can often be traced back to the unsuitability of the place they are living in. Dwell aimed to deliver more appropriate buildings and neighbourhoods for Sheffield City Council, which took into account accessibility, and proximity to local amenities. An important aspect of the Dwell project, Wigglesworth highlights, was the consulting of local residents, who provided the council and designers with ideas and feedback at regular public engagement events.

What sort of features should housing made specifically for older people have? “The house has got to be in a good location, with level thresholds. There needs to be open space or greenery nearby so people can exercise. Of course, rooms need to be bigger for access purposes and if the person has a zimmer or a wheelchair. When we talk about where the house needs to be, there should be neighbourhoods with ready access to shops and amenities.”

Ultimately, the case for more age-friendly homes seems rooted in its potential for domino effects. Helping older people to downsize could make larger homes available for younger families; co-housing and community arrangements could combat loneliness; and the NHS would no doubt benefit from less crowded waiting rooms. As our country’s population gets older, it is the responsibility of government to get wiser.

Housing after Grenfell: what happens next?

The housing sector faces transformational change as it grapples with the Kensington tragedy. Campbell Tickell's Greg Campbell and Maggie Rafalowicz assess its potential direction

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A great deal has been written since June about the disastrous Grenfell Tower fire. Most coverage has rightly and understandably focused on the victims and possible causes of the tragedy. Many have taken to heart the words of David Montague, chief executive of L&Q, that Grenfell could have happened to any social landlord.

The very scale of the tragedy means that its ramifications will resonate for years to come. The public inquiry will look at much of the detail in terms of what caused the fire, how it spread and the responses. Alongside what specific recommendations it makes, there are wider implications for social landlords and other bodies. So, what can we expect?

Social landlords with affected blocks are diverting resources to removing and replacing cladding at major cost. This will affect the availability of funding for maintenance programmes. It is important to remember that buildings have been clad for a purpose, primarily for insulation to reduce energy costs. While any dangerous structures must of course be removed immediately, the knee-jerk removal of useful material could mean increased condensation, maintenance costs and impact on health, as well as raising fuel energy prices for many residents who have the least amount of money. While the safety of existing residents is the first concern, there remains a pressing need for new-build housing, and for social landlords this money ultimately comes from the same pot.

There has been chatter from some

commentators about the country needing to turn away from high-rise designs. Condemning all blocks regardless of their construction and configuration is unhelpful and unrealistic, both for existing residents and in meeting housing demand. Nonetheless it seems likely that some buyers and renters are moving in this direction. This will in turn affect property valuations. And for existing landlords with high-rise stock, it will have implications for their borrowing and development programmes. Insurance premiums can also be expected to rise.

Service delivery on the ground can be expected to change too. We could well see a shift in the focus of social housing regulation. Since 2010, proactive regulation of consumer standards has been effectively absent, in favour of almost total focus on governance and financial viability. We may now expect some rebalancing of resources to give greater weight to customer services. Data integrity – already recognised as critical, for instance in relation to gas safety – will be further prioritised.

Clearly, social landlords will be paying greater attention to resident engagement in customer services, estate improvements and regeneration. We should expect a ramping-up of the requirements for each local authority to have a comprehensive and tested emergency plan. Greater attention will also be paid to cross-council collaboration in implementing emergency plans.

Some of these changes will be positive – especially the renewed focus on health and safety and building conditions and possible reprioritising of consumer standards. Others will clearly affect the availability of affordable housing.

With more investment, the government could create more housing and make existing housing safer; but with the financial and other challenges of Brexit, and the chancellor experiencing a depressed tax take, the prospects of substantive funding must be slim.

For more information, please visit: www.campbelltickell.com

Laying the foundations for a fulfilling life

Housing associations are determined to retain their core social values, writes **Simon Graham**, director of strategy and external affairs at Network Homes



There has been talk recently about housing associations becoming too commercial and not focused enough on the needs of low-income families. Nothing could be further from the truth. The reality is that there have been stark changes in government policy and the economics of the housing development market. In order to continue fulfilling our social objectives housing associations have had to respond accordingly.

Our choice for several years was to build no new social rented housing for lower income households at all or to find ways to significantly increase our income to fill the gap where government grants used to be – subsidising the building of homes at below market rents ourselves. Network Homes chose to do the latter and we have done it very successfully. But our social purpose still underpins everything we do. Every penny of the surplus we make each year goes back

into building new affordable homes or trying to provide better services for our customers.

In the wake of the financial crash, the coalition government which came to power in 2010, embarked on a period of austerity which is still with us. One of its first actions was to cut grants for social house building by 63 per cent and to introduce a new development model called “Affordable Rents”. Instead of getting financial grants up front which subsidised around 40-50 per cent of the building cost of a social home, housing associations were now getting about 15-20 per cent and only paid on completion of the development. The policy also meant we were expected to charge our tenants rents of up to 80 per cent of market rent levels instead of the roughly 40-50 per cent charged under a traditional social rent.

The government intended the increased rent to help make up the shortfall in the capital grant subsidy.

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However, to make new schemes viable housing associations also had to borrow more and find additional sums from their reserves, efficiency savings or income generation.

One of the ways we could generate extra income was to use our development expertise to build homes for sale, using any profits to subsidise the cost of building homes for affordable and social rent. Consequently, the big housing associations now build a much wider mix of homes – everything from social rent and shared ownership to market rent and market sale – and make much larger surpluses.

The mistake critics make is to conflate this with the notion that housing associations are moving away from their social roots and becoming commercial enterprises. In fact, what we are doing is working hard to stay true to our social enterprise principles in a far more complex and difficult operating environment than we ever had to face

pre-2010. As things stand, without the homes for sale there would be no new homes for social rent; and without improved business efficiency there would be far fewer.

Over the last 10 years the housing crisis has worsened. Network Homes believes we must do everything in our power to help tackle it. We aim to produce around 750-1,000 homes a year. We can only do that by using our financial capacity to the maximum we can without putting the association at undue risk.

Over the last two years we have built more than 1,400 new homes. Of these, around 170 have been for social rent (around 50 per cent of market rent), over 500 for affordable rent (at an average of 65-70 per cent of market rents), another 400 or so have been for shared ownership; and just over 300 have been for private sale.

In July 2017, Network Homes signed a Strategic Partnership with the Mayor of

London to build an extra 1,750 homes in the capital by 2021. At least 60 per cent of these homes will be affordable, using the Mayor's new products – London Affordable Rent (like social rent) and London Living Rent, as well as shared ownership. We are funding part of this specifically from the profits previously made by selling homes, increasing the new affordable rented homes we have been able to promise.

The GLA is also helping to fund Network's first Build to Rent scheme this year through the London Housing Bank. We're creating 270 new rented homes at Sudbury Hill. The GLA's investment means we're able to keep the rents down to 80 per cent of market levels, ensuring they are more affordable for local people. This is a model we hope to replicate in the coming years.

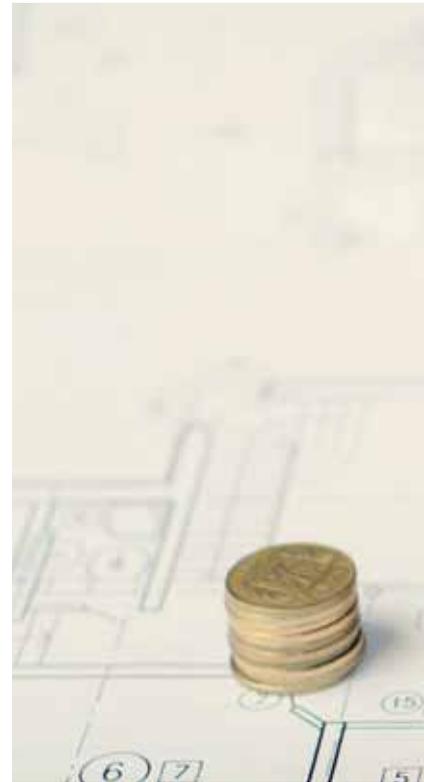
The housing market has changed. The new reality, especially in London and the south-east, is that housing need is no longer confined to those on the lowest incomes. The housing market has become so out of kilter with wages that even people on quite substantial household incomes cannot get the homes they want without some kind of financial subsidy.

As the political and economic world has changed around us, housing associations have adapted. Network Homes has found a way to keep providing homes for homeless people and the poorest in our society, we have introduced a range of new products to help those on middle incomes afford the homes they aspire to, and we have started producing award-winning homes for market rent and sale for people on higher incomes.

We now play a much bigger role in the market. But for all that change, the philosophy at the heart of our business remains as it has always been. We believe good homes make everything possible; the essential foundation for a fulfilling life. The reason we and other housing associations exist is still to help those people who cannot afford to house themselves adequately in the private markets.

Why ownership should mean exactly that

More must be done to end exploitative leasehold arrangements, writes **Chris Blythe**, chief executive of the Chartered Institute of Building



When the Department for Communities and Local Government published its ambitiously titled “Fixing our broken housing market” White Paper in February, the meagre 240 words afforded to the ongoing leasehold and ground rent scandal, were certainly worthy of a raised eyebrow or two. In reality, this unpleasant situation represents a crisis within a crisis and is responsible for exploitation across multiple income brackets.

By way of a jargon-buster, a leasehold arrangement is essentially a long-term rent paid to a “freehold” landlord. When a house is sold as leasehold, the buyer is only a tenant, with the ground the home is built on remaining in the hands of the freeholder. The buyer has the right to occupy the property, rather than to own it. Any changes made to the property, such as building a conservatory or replacing the windows, must still be signed off by someone else.

Previously, leaseholders were generally charged low ground rents and many freeholders did not bother collecting it. But as the penny dropped, that this was actually another way to make money, the prices went up. Developers started to insert unscrupulous clauses into leasehold contracts where ground rent was set at £200-£400 each year, doubling every decade. Direct Line estimates that the typical ground rent is currently around £370. While many unsuspecting first-time buyers were told that 999-year leases were “virtually freehold”, the escalating clauses meant that the ground rent could eventually prove prohibitive. In the most extreme circumstances, this might provide the onset for homelessness.

According to the Leasehold Knowledge Partnership, there are around 100,000 home buyers in the United Kingdom trapped in contracts with ground rents spiralling out of

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control. Beyond the ground rent, freeholders are also able to exploit their tenants by charging them additional fees to even answer a letter addressed to the homeowner or for permission to improve the property. That feeling of entrapment is consolidated by how difficult it is for leaseholders to sell up. Many lenders won't grant mortgages against homes burdened with expensive ground rents, while solicitors will probably, rightly, warn prospective buyers off. Homes with huge ground rents can usually only be sold at a discount and therefore at a significant loss to the leaseholders within them.

That there is a shortage of housing in the UK and many barriers to home ownership are critical issues for any government to tackle. Despite the numerous drawbacks, leasehold properties made up 43 per cent of all new-build registrations with the Land Registry in England and Wales as a whole in 2015. There are more buyers

than sellers in the UK's housing market, but that imbalance is being reflected in the wrong way. Builders and developers have been allowed to get greedy rather than delivering a better quality of product to their customers.

Management and service companies, often connected to developers themselves, are being granted first dibs on freeholds which means that the end-user gets a bad deal. Freeholds that are sold and passed onto speculative investors usually have big ground rents imposed or are made particularly costly to buy out. There is no real reason for this practice other than housebuilders taking advantage of buyers desperate to get on the property ladder. Leaseholders complain that managing agents can all too easily abuse their authority, making unfair charges in the knowledge that leaseholders have few means of legal redress. Yet there is effectively no regulation. In some cases, leaseholders who challenge their bills can even end

up paying punitive costs. This is plainly outrageous. It is clear that the Commonhold and Leasehold Reform Act of 2002 has failed to achieve its remit of putting the consumer in the driving seat. It could be time, then, to make commonhold the default arrangements for residential developments that would normally be done leasehold and ensure more transparency from the start. As a further measure, current leasehold developments that were established with less than 100-year leases should be converted to commonhold at the freeholder's expense.

The government announced in July plans to ban leasehold arrangements on future new-build homes and to cut ground rents on new flats to as low as zero, policies that the Chartered Institute of Building is undoubtedly in support of, but more must be done to relieve those already trapped in failed system. The government has a responsibility to chase the guilty developers for compensation to the tenants they have mistreated.

Ultimately, when it comes to fixing our broken housing market, the state of leaseholds and ground rents should be treated with greater urgency. The ethics of housebuilders must be renewed and their practices reformed. The moment we allow profits to be prioritised over people, is the moment that we fail as a society. Houses should be built in the quantity and to the quality that the UK requires. The Chartered Institute of Building does not want corners cut or people short-changed on their homes; if developers want to make more money, they would be better off building better houses. If they've made profit on bricks and mortar, why are they pining for more with leaseholds? Legislation is needed at every stage of the housebuilding process, from planning through to construction through to the end-user. We need more transparency about what it means to own a home. Government, planners, developers, estate agents and solicitors all have a part to play.

Think the housing crisis is just about bricks and mortar?



Think again.

Everyone needs a good home.

When people can't get one it has a huge impact on their lives.

And when so many people are held back in life by their housing conditions, that's bad for all of us.

We believe society benefits when everyone has the opportunity to realise their potential. People can only do that when they have a good home to live in.

Network Homes is one of the country's leading housing associations with 20,000 homes across London and the Home Counties.

Our mission is to open up possibilities for as many people as we can by building, renting and managing good homes in thriving communities.

Because good homes make everything possible.

