CESW
Housing Summit

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24th November 2015

The Proposals

- Rent Reduction
- The "Living Wage"
- Review of lifetime tenancies
- Benefit cap
- Pay to Stay
- RTB
- Starter Home Initiative
- Reclassification of RP's

Implementation

- Primary Legislation
- New rent standard
- Regulations
- New Housing & Planning Bill

How do we respond?

- Review business plans
- Consider development viability (costs & time delays + reduced supply)
- Change tenure mix
- Renegotiate deals
- Consider funding implications

How do we respond?

- Where can costs be saved?
- Implications for discretionary spend
- Cost sharing groups
- Alliances
- Mergers

How do we respond?

- Increase commercial activity
- More market sale
- Higher levels of cross subsidy
- Do you have a development vehicle?
- Can you set one up?
- How will you staff it?

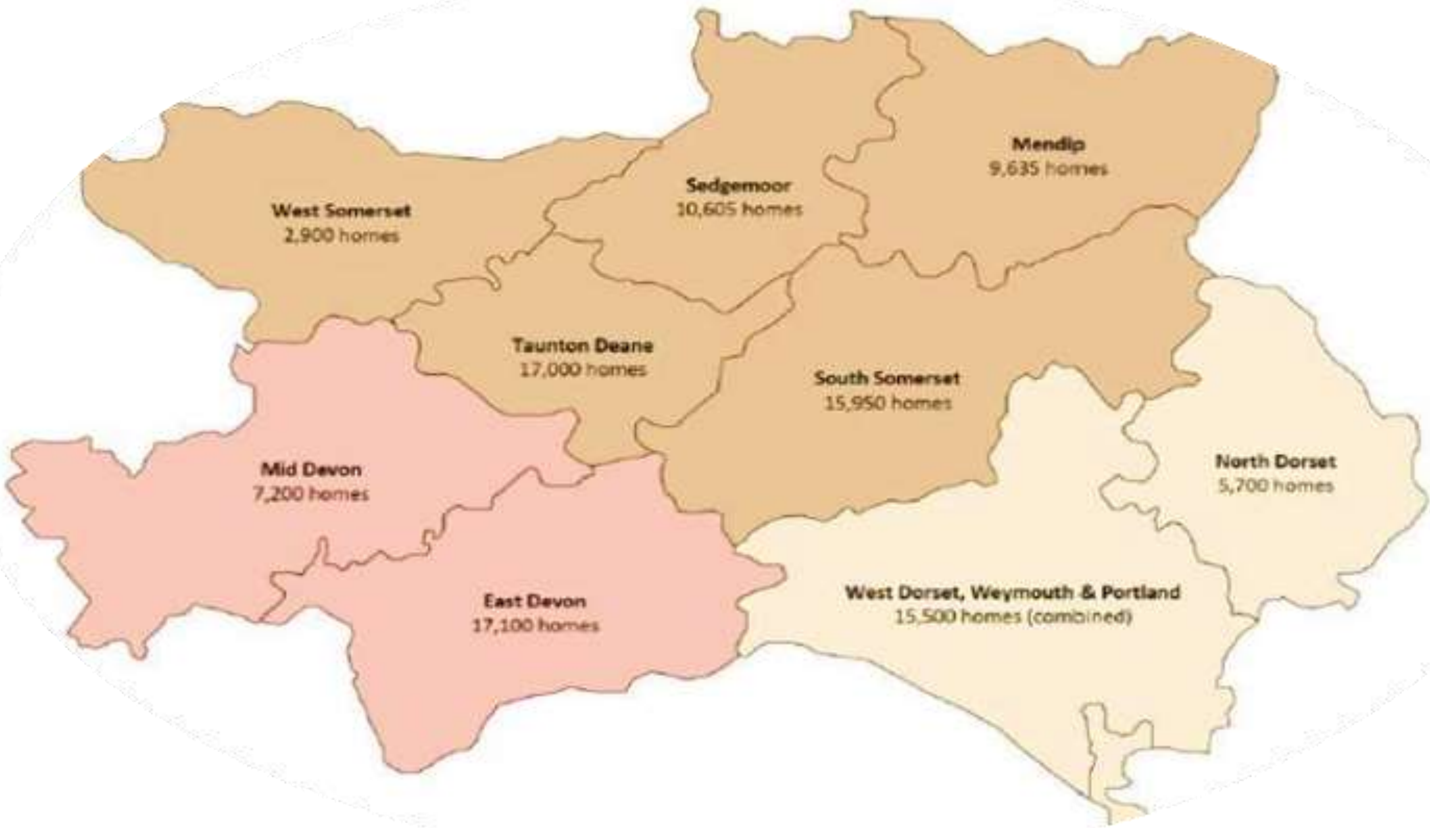
Future Growth

- Focus our growth activity where it can have the most impact
- Prioritise the development of new homes in areas of highest need
- Focus our geographical activity where we can guarantee standards without over-stretching resources

Funding future development

- Programme requires cross subsidy – from:
  - Ongoing operations
  - Active asset management
  - Market sale
  - Conversions to affordable rent
  - Off balance sheet finance

Supply



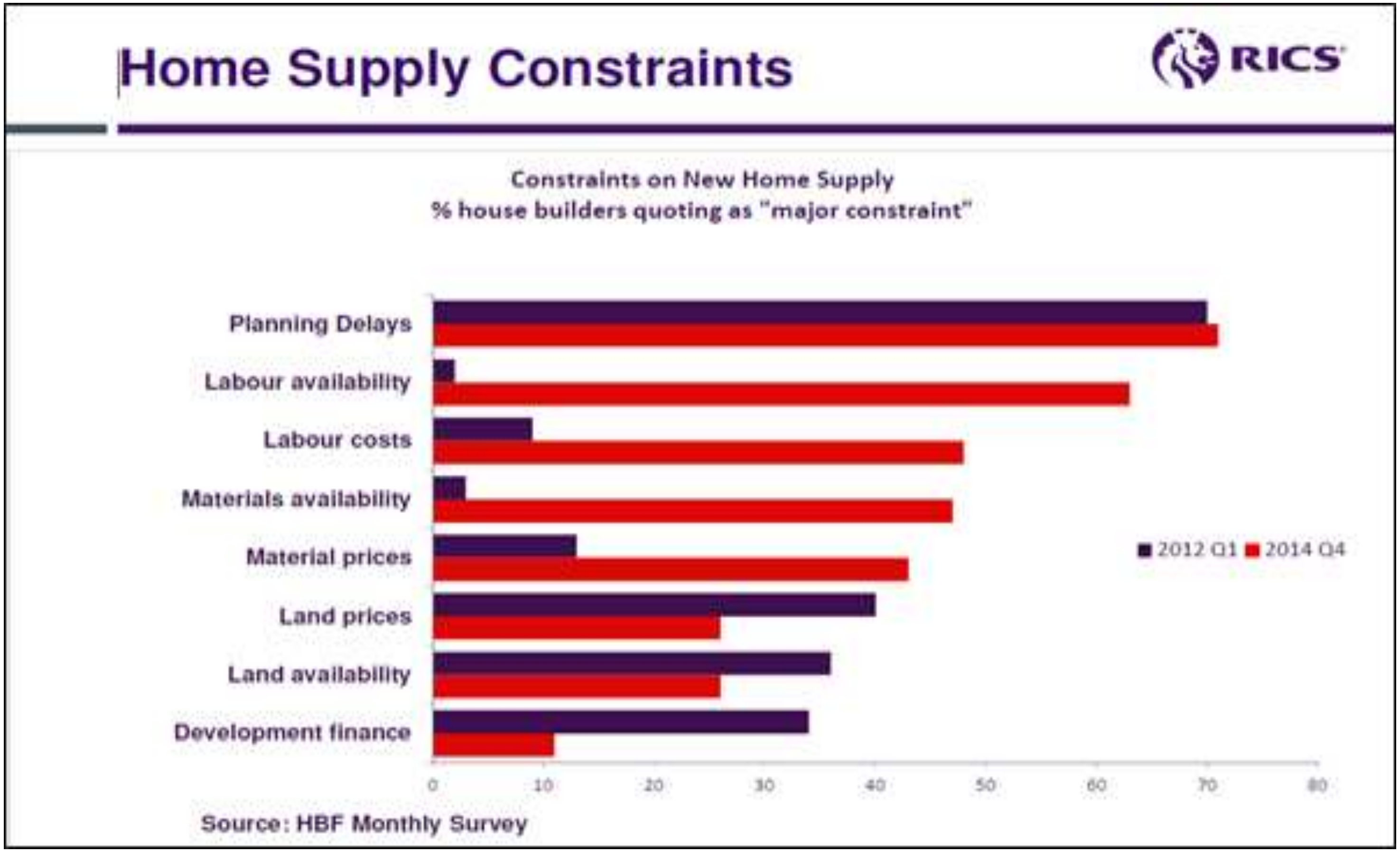
Mendip
9,635 homes
Sedgemoor
10,605 homes
West Somerset
2,900 homes
Taunton Deane
17,000 homes
South Somerset
15,950 homes
North Dorset
5,700 homes
Mid Devon
7,200 homes
East Devon
17,100 homes
West Dorset, Weymouth & Portland
15,500 homes (combined)

Comparison on known supply

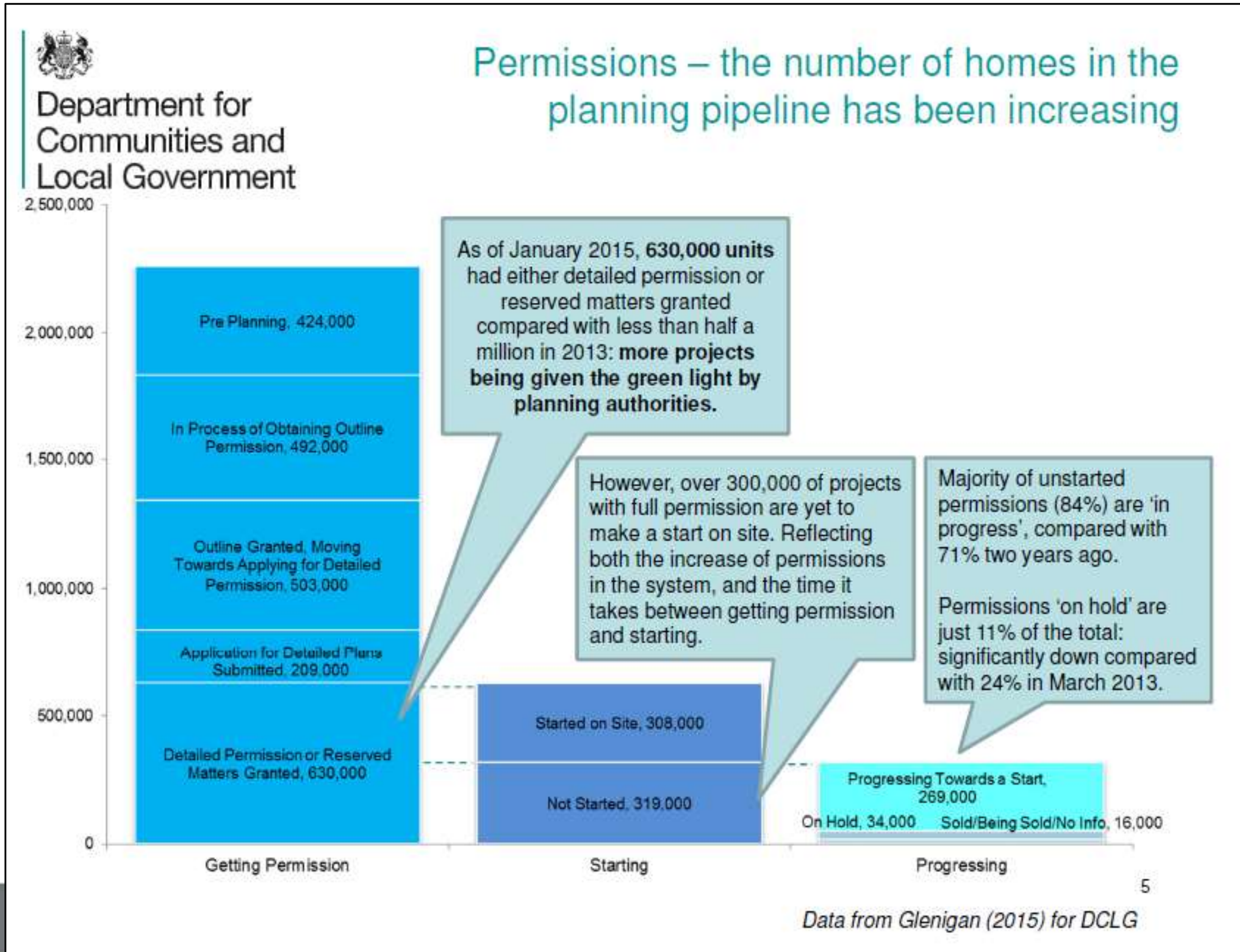
The table below shows the numbers in our local authority areas.

Area of Operation		Strategy Years	Overall Housing Numbers in Development Plan	Current Affordable Housing in Development Plans	Number of AH per year	YHG S.106 allocation
South Somerset**	2006-2028 (adopted March 2015)	22	15,950	5,500	250	50
Taunton**	2011-2028 (adopted Sept 2012)	17	17,000	4,000	235	47
Mendip**	2006-2029 (adopted Dec2014)	23	9,635	2,500	109	22
West Dorset	2012-2031 (Feb2015, Plan under examination)	19	13,200	3,085	162	32
North Dorset*	2011-2026 (under examination)	15	5,700	1,480	99	20
Mid Devon	2013-2033 (Feb 2015, under examination)	20	7,200	2,000	100	20
East Devon	2013-2031 (under examination)	18	17,100	4,275	238	48
Weymouth	2012-2031 (Feb 2015, Plan under examination)	19	12,340	3,085	162	32
Sedgemoor**	2006-2027 (adopted 2011)	21	10,605	2,500	119	24

Constraints to supply



Planning process



Impact on supply & delivery of Housing

A Seismic Change for the delivery of Affordable Housing

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- Doing what we have always done is not an option
- RP’s are changing their business plans to fit the new world
- We are all in this together and partnership working is even more critical
- Rationing of RP’s development – means we will work in areas of good partnership working

The Future for s.106?

- JRF research – 37% of all affordable housing on s.106 sites in 2013/2014
- Starter Homes – An Additional tenure or decimation of s.106?
- Response from developers will vary depending on their cash flows (some will still welcome RP's cash)
- New Design Standards will make things even harder

The Future for s.106 (continued)

- Consultants for Viability could be the big winners
- Keep requirements for affordable homes simple
- Governments Agenda will be difficult to buck
- L.A. Policies and procedures will need urgent realignment

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Questions…

Thank You

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