



Ian B Perry



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Ian Perry and Your Housing Group

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Ian B Perry

- CEO Harvest Housing Group for 26 Years
- Founder of YHG and Transition Lead
- Chair of Key PFI, Procurement & Development Organisations
- RICS Management Board
- RICS School of the Built Environment
- IoD Director of the Year
- Committed to Driving Positive Policy & Projects Forward in UK Housing

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Introduction to Your Housing Group

- Merger of Arena Housing Group & Harvest Housing Group 2012
- Over 32,000 homes in 32 local authority areas
- From Merseyside, Greater Manchester into Yorkshire and from Cumbria to Staffordshire and the West Midlands
- Turnover £150 million
- 1400 Staff
- Substantial development programme

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Challenge for today

- Understand the scale of the opportunity
- Examine why off site not more popular
- Propose solutions

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Setting the scene

Big Question of the day

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Examine

- The economic and financial context
- Housing market trends

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The economic and financial context

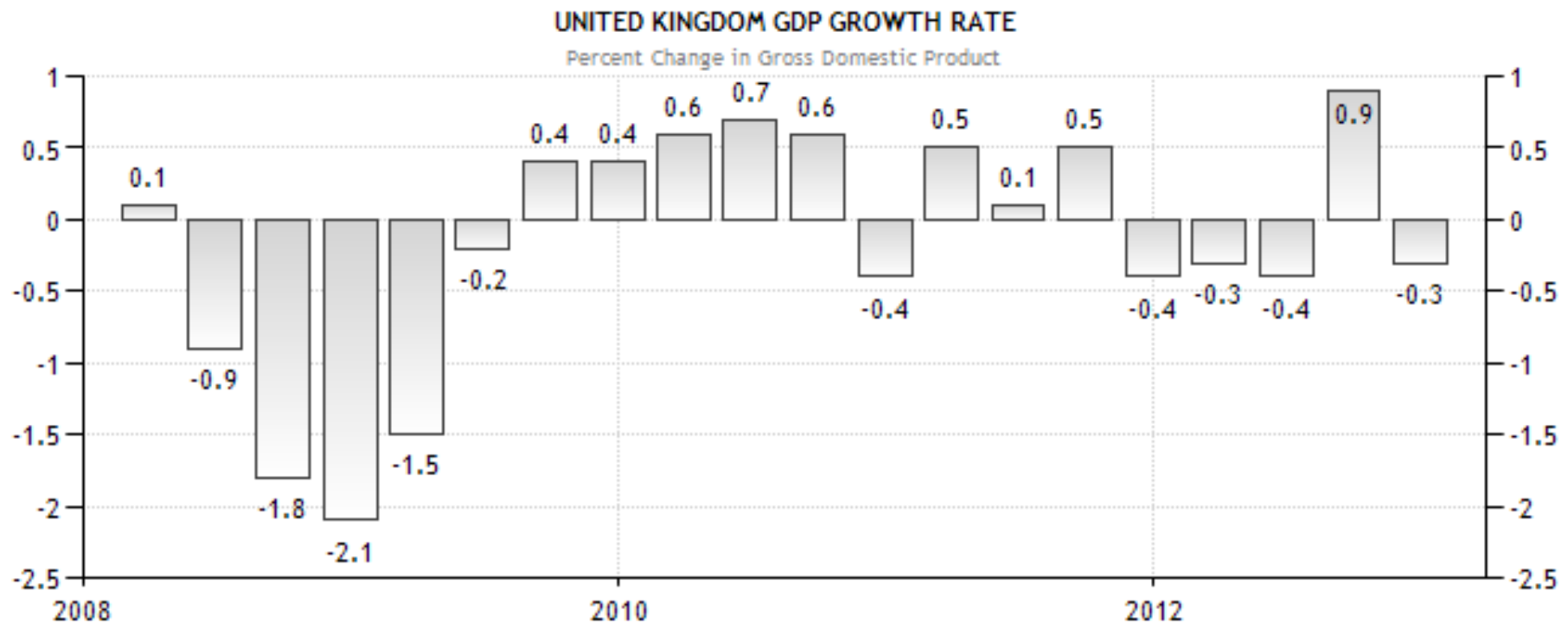
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The context

- Coalition government
- Financial crisis, economic downturn & slow recovery
- Labour market changes
- Austerity & public spending cuts
- Public borrowing continuing to rise
- Public policy change across the board
- A struggling housing market
 - Mortgage rationing & wider credit restrictions
 - Low housing transactions numbers
 - House building at record lows
 - Affordable housing numbers low too

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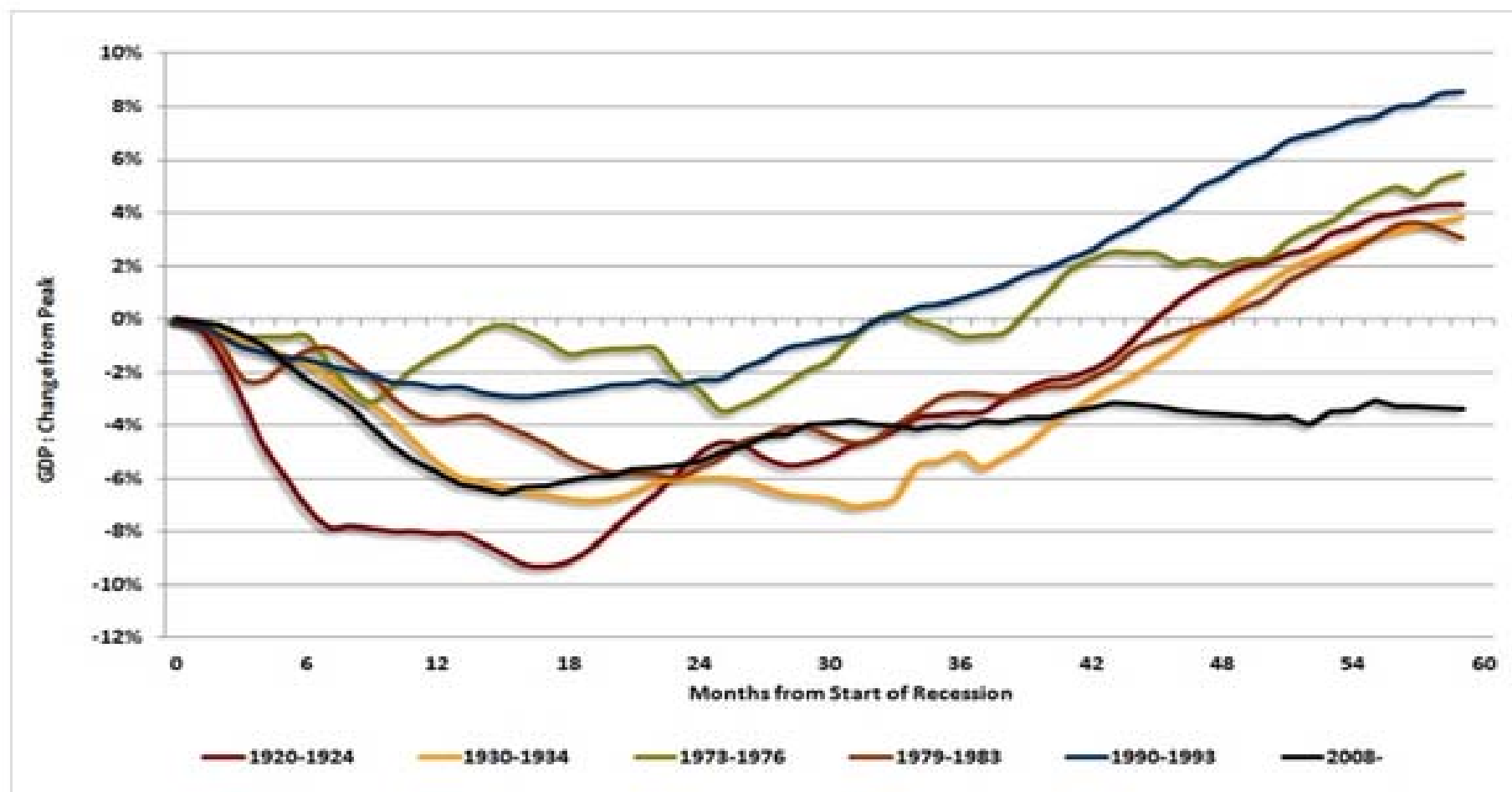
Stagnant economic growth



SOURCE: WWW.TRADINGECONOMICS.COM | UK OFFICE FOR NATIONAL STATISTICS

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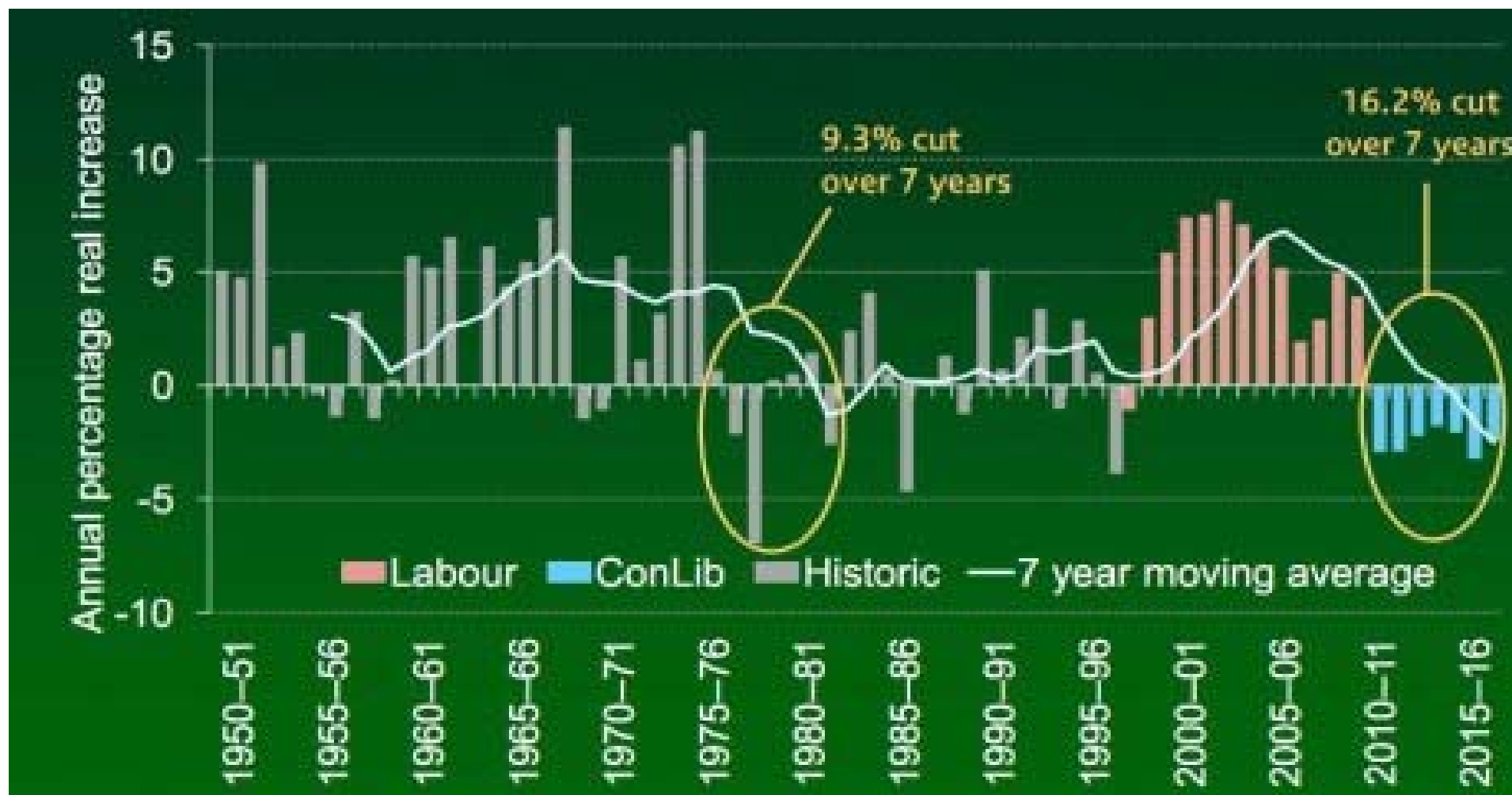
Progress to recovery



Source: National Institute of Economic & Social Research

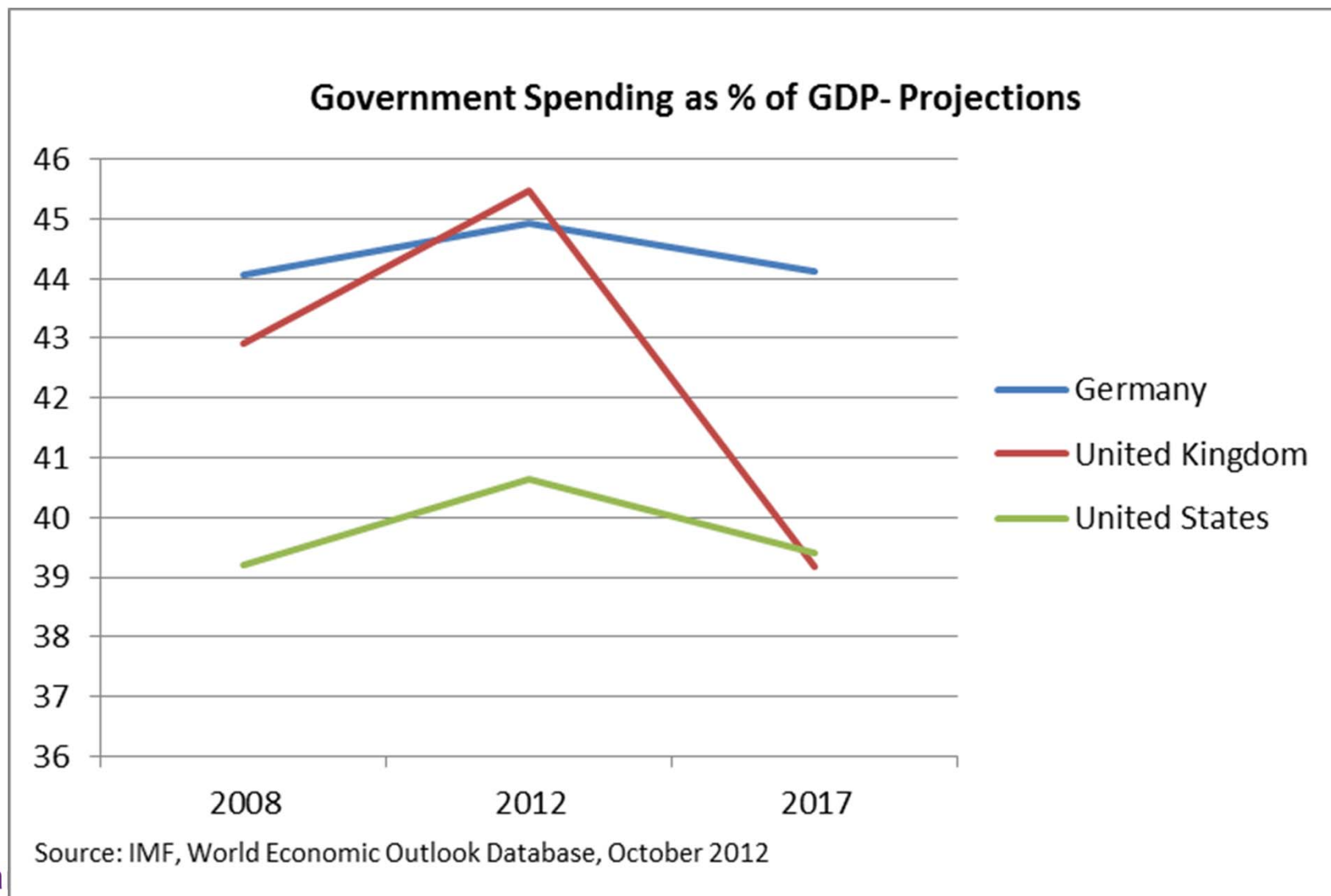
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Public spending plans



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The end of big government?





Housing market trends

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UK Housing - Demographics

- Population growth
 - UK total 63.2 million in 2011
 - 4.1 million (7%) increase from 2001
- Immigration
 - Was mainly New Commonwealth
 - Now EU Accession States
 - Questions over economic and social impact
- Smaller households
 - 1971 average was 2.91 persons, 2.35 in 2011
- Ageing population – numbers and proportion



UK Housing - Current Issues

- Crisis driven & reactive
- Demographic change – a major driver
- Linked always to the wider economy
- Housing policy used to achieve short term economic objectives
- Affordability
- Standards issues- sustainability/ECO
- Planning and land issues
- Efficiency of construction - offsite

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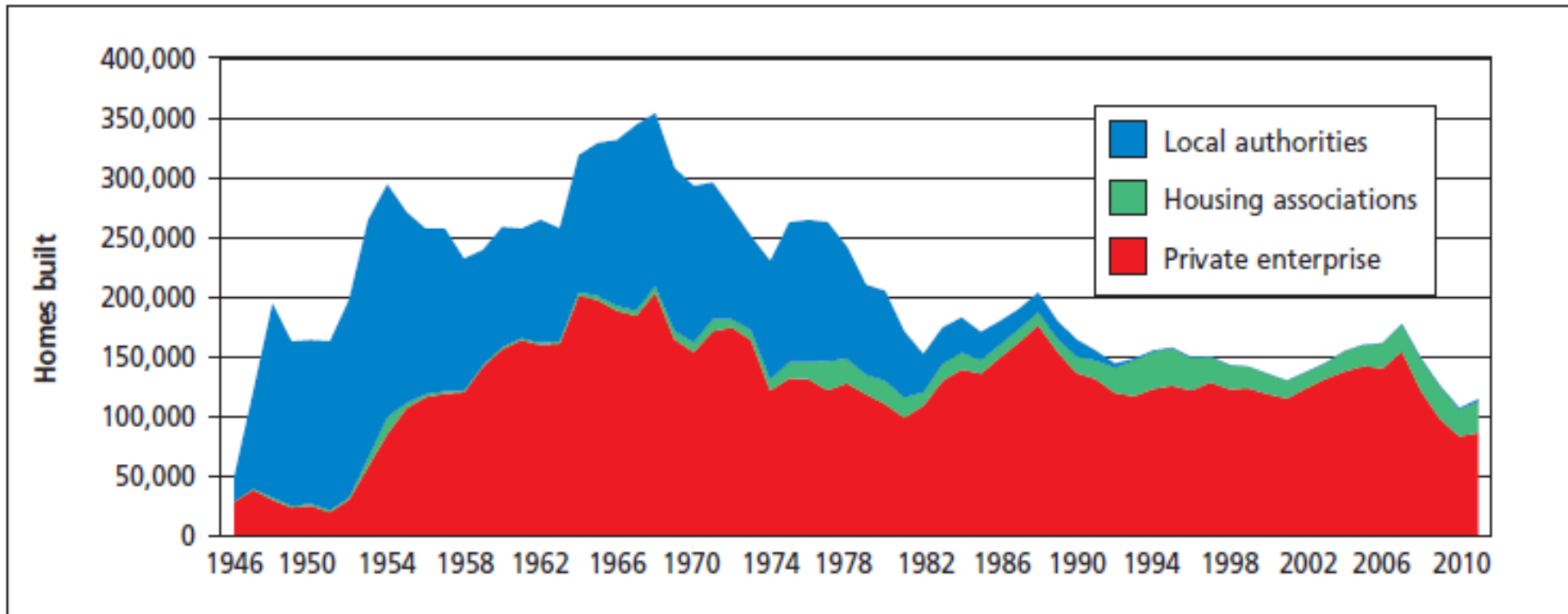
The role of Housing Providers

- Do what is possible
- Plan for the future
- Make the case for housing
 - Provide for a wider range of housing needs
 - Look at the needs of older people – develop extra care schemes and other models
 - Meet the needs of younger people for quality housing but for job mobility
 - Develop flexible tenure models that meet people's needs at different stages in their lives
 - More efficient ways of delivering new housing

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Struggling supply

Graph 1a: New build by tenure (England)

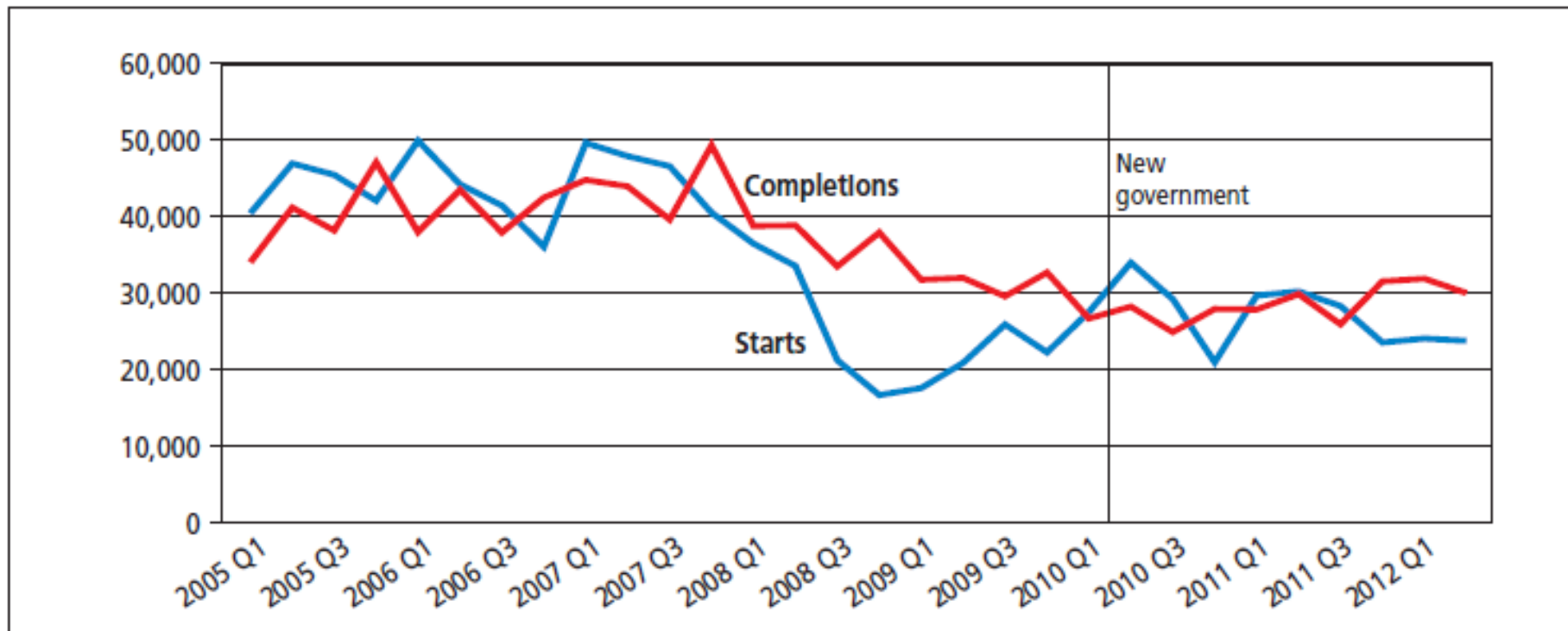


Source: DCLG Live table 244.

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A supply recovery?

Graph 1b: Starts and completions (England)

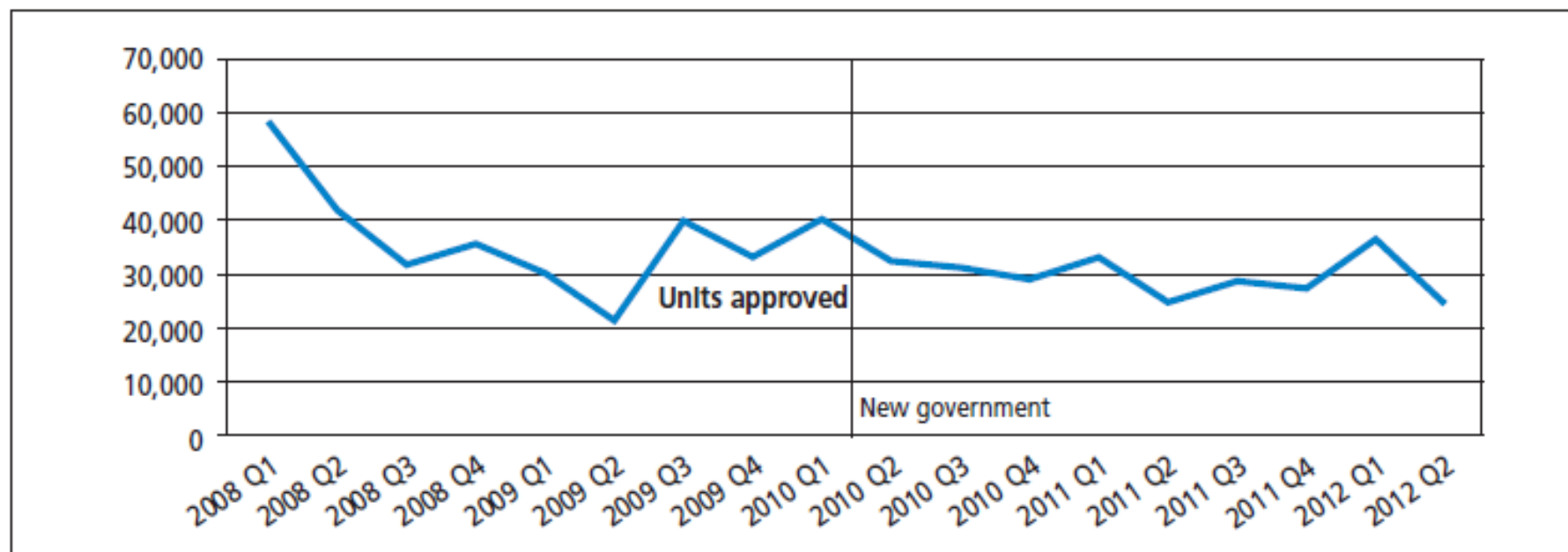


Source: DCLG Live Table 213.

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Supply recovery?

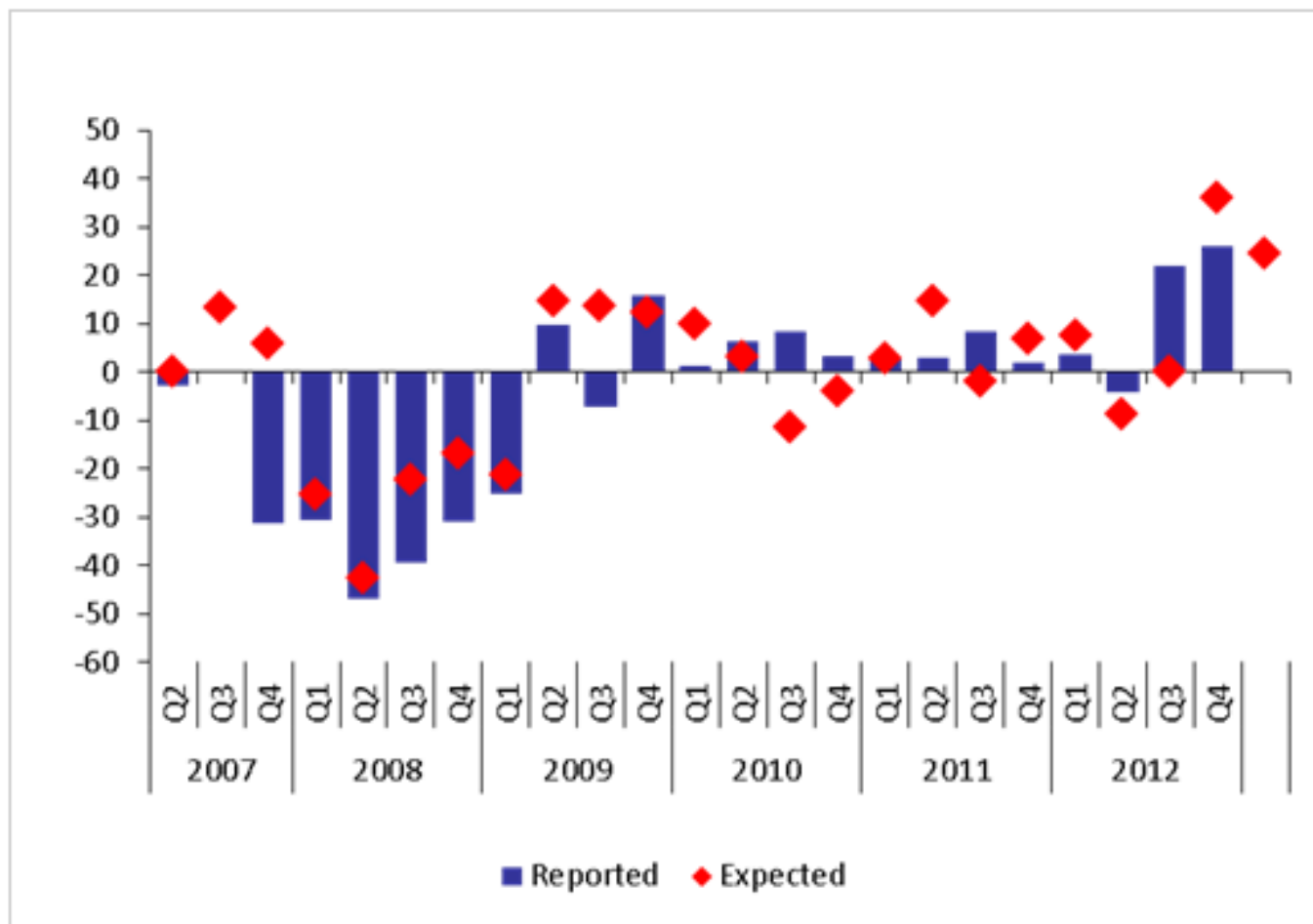
Graph 2b: Number of units given planning approval (England)



Source: Home Builders' Federation, New Housing Pipeline Q2 2012 Report.

Note: Only includes units in developments of more than 10 units.

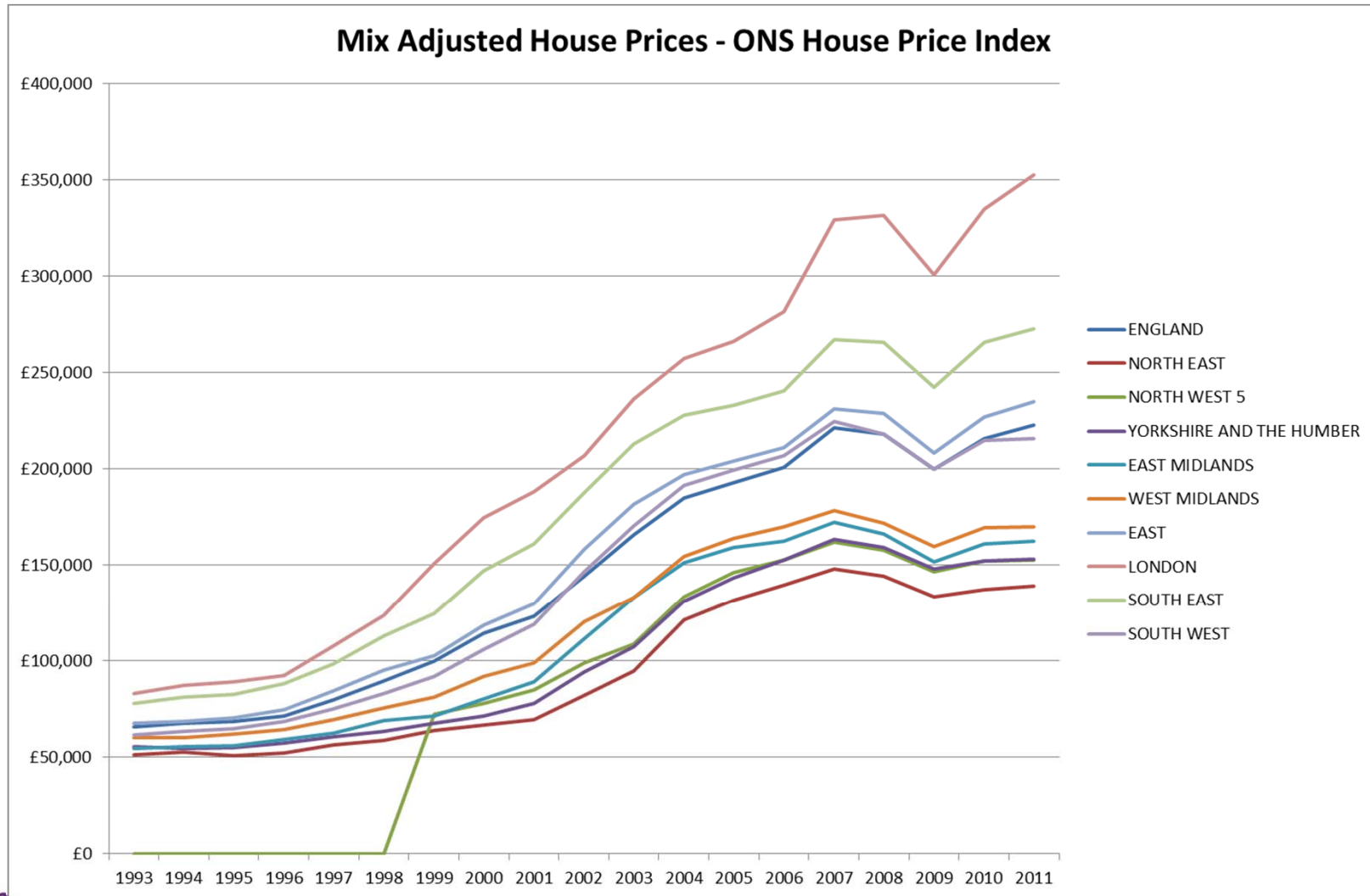
Demand - Mortgage availability



Source: [Bank of England credit conditions survey 2012 Q4](#)

tra Note: Positive balances indicate that lenders reported/expected higher credit availability than previous quarter.

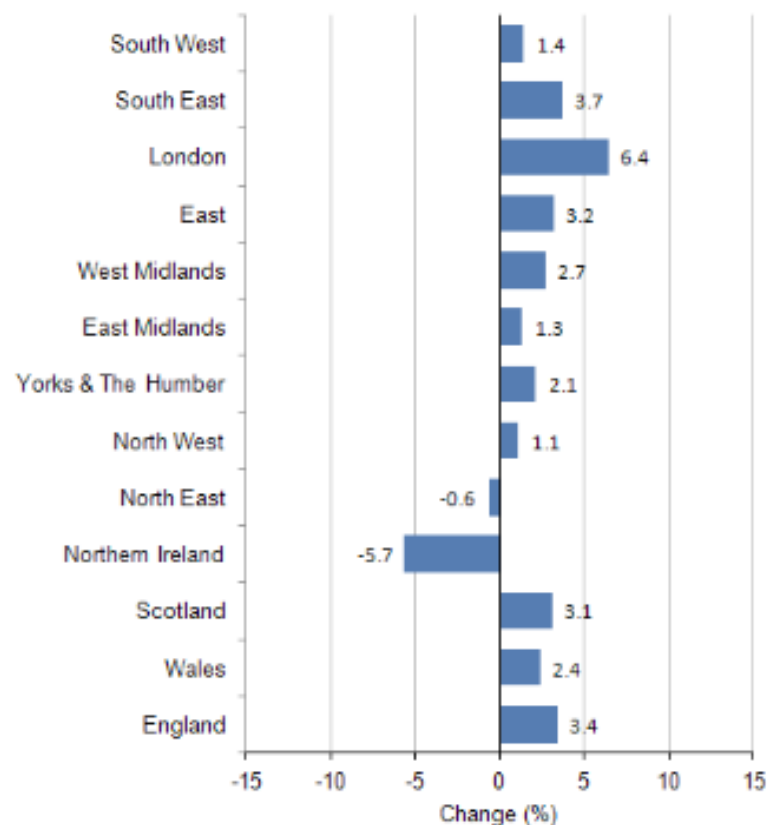
House prices



House price increases

Figure 3: Regional all dwellings annual house price rates of change

12 month percentage change for December 2012



Notes:

1. Not seasonally adjusted.

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Affordability

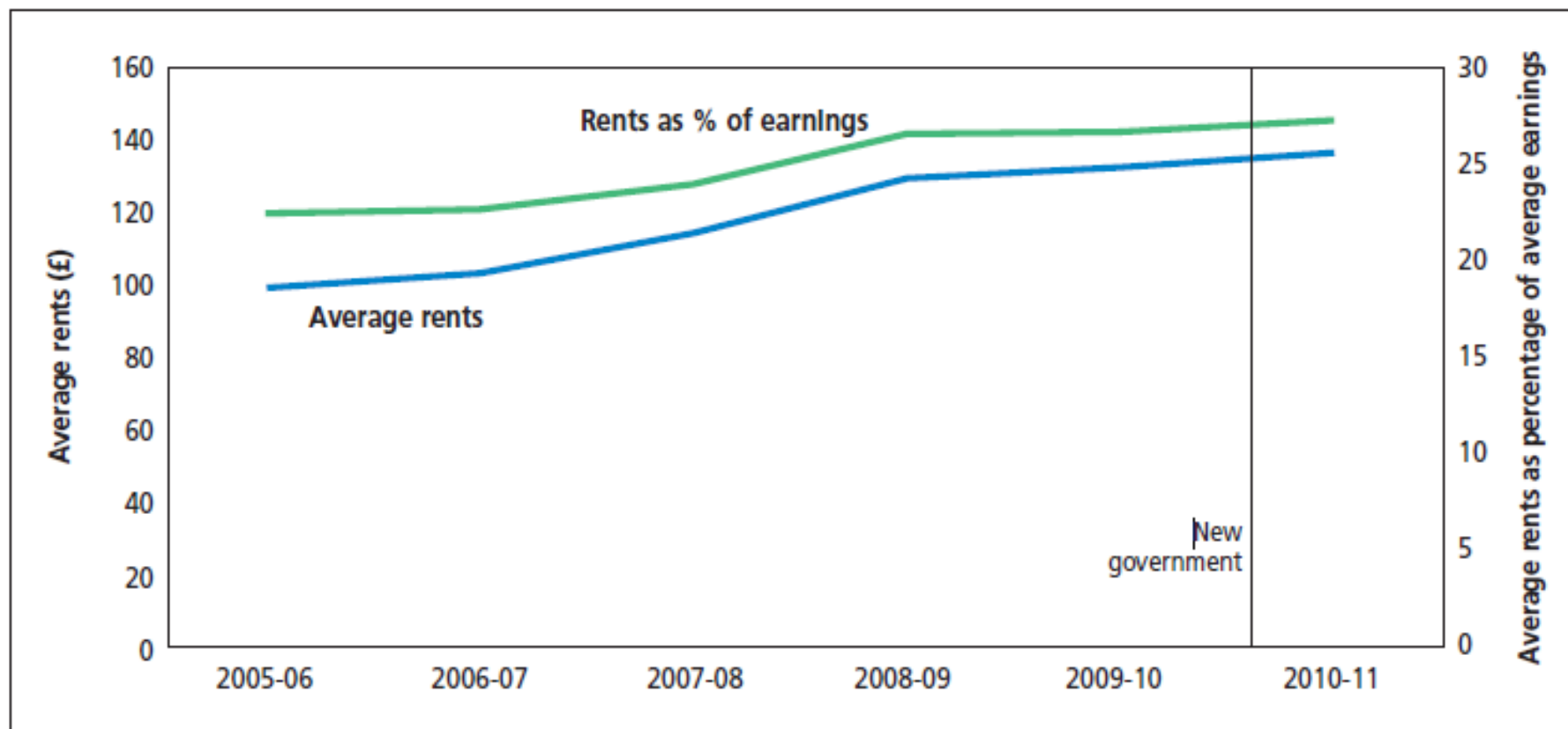
	Median Gross Weekly Earnings April 2012	Prices to earnings multiple 2012
London	£613.30	11.76
North East	£455.30	5.83
West Midlands	£469.30	7.16
Yorkshire and The Humber	£465.20	6.46
South East	£555.80	9.78
East	£531.00	8.78
East Midlands	£476.90	6.64
South West	£476.50	8.83
North West	£472.50	6.29
England	£512.70	8.64

Sources: ONS mix-adjusted house prices, ONS earnings estimate Annual Survey Hours & Earnings

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Unaffordable private rents

Graph 9a: Average rents in private sector (England): £



Source: Rents (median weekly, net of services) from English Housing Survey (DCLG), earnings from Annual Survey of Hours and Earnings (ONS). Earnings figures are gross median full-time earnings.

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Government's housing policy

Direct investment

- £1.8bn for 170,000 sub-market rent
- £300m for 15,000 affordable homes & 5,000 empties
- £1bn support for private rented homes
- £570m - 16,000 stalled sites
- £30m for self build
- £60m for travellers sites
- £3.5bn for 74,000 shared equity homes

Supporting investment

- Debt guarantees up to £10bn
- Guarantees to support £130bn of mortgages
- Planning reform
- Public sector land release / Build Now Pay Later
- New Buy
- £730m Growing Places for infrastructure
- The rise of “financial instruments” & guarantees

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The new world – housing investment & supply

- 67% cut in investment - £4.5bn over 4 years
 - But 170k homes - How do they do it?!
 - “Affordable rent” - up to 80% market
 - Grant rates down to c15%
 - HAs borrow more – funded by higher rents
 - on new homes
 - and on existing homes – “conversions”
 - deal with DWP on benefit impacts
- NewBuy – first use of government guarantees in housing

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The new world – housing investment & supply

September package, Autumn Statement & Budget 2013

- £10bn guarantees
 - £450m additional grant for aff homes – 50k homes on large sites
 - £1bn pump priming fund for private rent
- Guarantees to support 130bn mortgages
- £3.5bn for 74k shared equity homes
- £190m public land disposal
- £100m bring public land forward
- £60m Enterprise Zones small scale infrastructure
- Pay to stay – higher rents for households earning over £60,000

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How to rise to the efficiency challenge?

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