

Building solutions



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“It's about making people take pride in the place they live ... that helps the whole community”

Osita Madu, diversity officer, page 2



Appetite for construction

Housebuilding is facing an unprecedented slump during these austere economic times. But, as **Kate Murray** discovers, providers are finding innovative ways to make funding go further

This year, housing experts fear, fewer than 100,000 new homes are likely to be built. Housebuilding, as housing minister, Grant Shapps, recently pointed out, has slumped to its lowest peacetime level since 1924.

Shapps announced last month that he hopes to reverse the decline by offering extra funding to councils which allow planning permission for new homes to be built. But many fear it is too little too late, and that next month's government spending review, on top of austerity measures already announced, will cause housebuilding figures to plummet.

The National Housing Federation (NHF), which represents England's housing associations, has concerns that building could plunge below the 100,000 mark this year if housing budgets are cut. A reduction of up to 40% for affordable homes could mean more than half a million more people added to waiting lists, 230,000 affordable homes lost over the next decade and more than 280,000 construction jobs sacrificed.

However, it's not just the scale of the reductions to the affordable housing programme that is worrying. A variety of other factors, including drastic restrictions on housing benefit, cuts to care and support funding and another review of the way housing is regulated, could combine to produce the "perfect storm".

Coping with cuts

These concerns will be highlighted at the annual NHF conference starting today in Birmingham. As NHF chief executive, David Orr, puts it, just one of these changes might be problematic; together, they create an atmosphere in which housing providers might retrench. "The rational response might be to say it's all too much of a mess at the moment, so we are going to keep our heads down and continue serving our current tenants as well as we can but really do nothing else," he says. "From a business point of view that makes a great deal of sense, but from a mission sense, in terms of what we set out to do, that's disastrous."

Orr's words are echoed by Richard Capie, policy director of the Chartered Institute of Housing, the body that represents 22,000 housing professionals. "There is a great deal of nervousness," Capie says. "If you have an average of 25% cuts coming out of the spending review and certain areas where spending is going to be more closely protected, then other areas like housing are going to face more significant cuts."

The Homes and Communities Agency (HCA), which funds new affordable housing, has already suffered cuts of £450m - or 10% of its budget - this year. Its Kickstart



St Mary's Island: The new development was saved by £7m Kickstart funding Creditm to come

funding scheme, launched last year to resurrect developments stalled by the recession, will not continue.

Housebuilders are unsure that the housing market has recovered enough to cope. Chris Crook, managing director of Countryside Properties Southern, which is working on a major development mixing private and social housing in St Mary's Island, Kent, says that nearly £7m Kickstart money injected by the HCA into his firm's project was a lifesaver. "Without it we would not be building or selling new homes there," he says. "We really need to be starting the next phase in nine months' time. Will the market have returned sufficiently by then to be able to take it forward? The answer is, we don't know."

Housing providers may be further unnerved by the imminent departure of HCA chief executive, Sir Bob Kerslake, to take up a post as top civil servant at the Communities and Local Government department. Kerslake, however, is encouraged by a "good appetite" among many providers to think creatively about stretching public funding further. "No one is going to pretend that if the money we get is reduced, we can fully compensate,

but it's incumbent on us to get the best value we can," he says. "People who have been around in the sector long enough know we have had periods before where funding is tight, and that's the time when new approaches come to the fore."

Tapping into demand

One example of a new approach is the Up to You scheme from housing association London & Quadrant Housing Group (L&Q). L&Q offers new homes to low-income working families to rent for five years, while they save enough to take on ownership of the properties. The initiative not only helps a group that has been squeezed out of both home ownership and social housing, but offers a less risky way of developing housing in a fragile market. Steve Moseley, head of research and development, says: "If we can tap into where the real demand is, we can manage the risk. We are in business to build, so we need to look for ways to make that happen."

But if new ways of stretching public funding are to be developed, then flexibility from government will be needed. Capie suggests more freedom to sell existing

homes to fund new developments and exploring outsourcing of housing management to save cash. Orr says a "supportive and permissive" environment is needed: "Housing associations have a long track record of being adaptable, pragmatic, keeping a clear focus on their objectives and working with what processes can help them get there. If the old processes don't work, let's look at out others."

The challenge for housing providers will be to develop those solutions without losing their core values. Metropolitan Housing Partnership secured £17m Kickstart funding just before the scheme was cut. However, its chief executive, Bill Payne, says the key issue in the tough times ahead is not just building new homes, but a commitment to communities. "If we build a home, it's because someone on the waiting list needs it; it's not about wanting to be Bob the Builder," he says. "We have really intelligent, capable people in our organisation, driven by values, and they are the ones who will come up with solutions when the money dries up."

National Housing Federation: housing.org.uk

Introduction

Meeting challenges

Rising demand for homes, predicted budget cuts of 40%, housebuilding at the lowest level in almost a century and a plethora of regime changes such as an overhaul of tenants' benefit entitlements; the affordable housing sector is threatened by unprecedented challenges.

As housing professionals, campaigners and tenants gather in Birmingham today for the annual National Housing Federation conference, the dominant issue will be how housing can not only survive, but thrive, amid drastic changes.

But as this supplement demonstrates, the volatile landscape has not dampened the sector.

We focus on moves by social landlords to make it easier for their tenants to move to look for work. Then there are also housing organisations working to boost training for tenants.

We also highlight one housing-led scheme to boost the inclusion of marginalised tenants, and we explore how vulnerable people in supported housing are being transformed into "customers" with real choice.

This supplement offers a snapshot of the diverse provision that is to be celebrated in the affordable housing sector, as well as its far-reaching social and economic impact. With the government's spending review due next month, housing has set out a pretty persuasive stall; it would be very short-sighted to ignore it.

Saba Salman

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