



Housing Practice and Trends

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- **Times are changing for housing practice** - the influence of the pandemic has increased the value placed on high quality design, reflected in increased demand for better homes. But some things have not changed - the appetite is still to purchase rather than rent a home if people have the means to do this.
- **It's important to understand the cascade effect which operates in the housing market**, with supply and demand changes in one part having knock on implications for quality and quantity for other tenures and locations. While a key constraint is land availability, other levers for example taxation and standards including permitted development and rules around second homes and allocations also have great impact.
- **The land market has a number of methods of land purchase with varying degrees of risk and reward.** The best rewards are where land is developed at the right time in the economic cycle, however this can also be risky where time has elapsed and standards and requirements for development have changed. So time as well as location variables are key. Data is also vital in understanding markets and trends, often at very local level to ensure that the right price is paid at the right time to deliver high quality outcomes. And certainty and consistency over time helps to embed requirements in at the land purchase stage, making standards less likely to come under pressure during construction.
- **The residual valuation method** is to calculate the residual land value by calculating the gross development value and deducting the development cost. Assumptions are made about sales values which are really important - where values rise with the housing market they can help to fund changing requirements for the development over time. Developments with low or negative value at planning need to be questioned as this shows that the viability is poor and this is very likely to put huge pressure on delivery and quality.
- **The current bill to bring in a new Infrastructure Levy** could operate very differently to the current system using CIL and S106 to secure planning gain and affordable homes. It is likely to put more pressure on affordable homes and may drive down the amount of social housing provided in a development.



- **Housing players are broadly the private sector, local authority players and housing associations** – however each of these groups have diversified in terms of the tenures they provide and the amount of long-term assets they hold. Joint ventures and development agreements enable the partners to work together, however it is key to understand your partners' drivers and long-term vision for development from the outset. Where there are strong shared objectives, the partners can strengthen the partnership with the complimentary skills and experience they have across the process. The partnerships and diversification in the sector are also helping stabilise the boom-and-bust cyclical development so that it can continue at different parts of the economic cycle. And the best partnerships operate over a number of projects, learning from each on to inform the next.

Speakers:

Rukaiya Umaru, Senior Partner, David Lock Associates Ltd

Chris Buckle, Director Residential Research and Consultancy, Savills

John Wacher, Strategic Planning Manager - Viability, GLA

Mark Baigent, Corporate Director of Regeneration and Culture, LB Redbridge

Alexis Harris, Senior Policy Officer, Housing & Land, GLA

Attendees: 114