**Housing Directors - 21/10/15 – CCHA Loudon Square**

This session took a rather different approach than normal; we used it as a showcase of different tenure models that Welsh RSLs are delivering, with the aim of providing some ideas for other members to consider in their own plans for future diversification of stock. In addition, the day was kindly hosted by CCHA, which provided the opportunity to see their Loudon Square development first-hand. As such, the notes are focussed on the key points from the presentations, rather than providing a record of all the day’s discussion. For more detail see the presentations provided.

**Hafod**

Richard McQuillan provided an overview of a range of models they provide:

**Low Cost Home Ownership**

* + No charges and no time limits (unlike WG scheme) – means clarity for tenants
  + Hafod have learned a lot from the private market; management of expectations is key – different range of expectations in the private sector to the traditional social market.
  + No-commission-sales are one area of competition with Private Sector
  + Also, Hafod’s
  + Challenges:
    - Lenders are often not keen on this model and tend to bring Independent Mortgage Advisors to meetings
    - LAs vary in their levels of cooperation
    - Unusually for house buying, there are restrictions on the buyer
    - Working with local authorities on this is unusual , in the sense that nobody would normally go to a LA to buy a home – their inflexibility is not ideal in the private market
    - There are a range of costs (solicitors fees, etc.) which, despite the low cost of the homes, might exclude potential buyers
    - In addition, market rates are high – questions over whether this is actually low cost
    - Model doesn’t allow for staircasing down
    - Developers’ attitudes to S106 are difficult – e.g. not designing roads for adaption, threatening not to sell freeholds
    - Spending on extras soon adds up (turf, white goods, etc. – developers hand over bare shells)
    - LHA variance on income from LCHO are a challenge

**Shared Ownership**

* + Have offered this in the past, but it’s off the menu currently, as it’s not seen as a great deal at Hafod (e.g. repairs sit wholly with tenants)
  + They experience a low rate of staircasing up by those in that form of tenure – presumably because those who could do so, have done so

**Flexi Tenure (for the elderly)**

* + 1 scheme of sheltered
  + Residents can staircase up or down
  + No plans for further expansion
  + Effectively tenure neutral
  + Hasn’t worked in rural areas

**Rent First – Buy Later**

* + Hafod found that this was confusing for tenants and also that they were put off by the fact that future house prices could not be guaranteed

**Intermediate Rent**

* + Very successful product for Hafod (Charter also noted that their arrears for this model are very low)
  + Challenges: house prices; works which go over budget; doesn’t tend to be so popular in low LHA areas.
  + LAs are mixed in their appreciation for this product; some use it appropriately, some are so driven by homelessness targets that they force the ‘wrong’ kind of tenants into it
  + RSLs don’t own the properties – leased from Special Purpose Vehicle

N.B. Pembrokeshire have experienced problems of affordability with this model. All new builds are at intermediate rent but they have experienced an issue whereby service charges push costs over LHA – they can only maintain affordability because a subsidiary, Millway, which builds for sale and brings in £2m p/a. props up other areas. They made the decision to work this way based on projections of growth – they want to get to the point where anyone who wants a house in Pembs comes to them first, regardless of tenure type.

Hafod also offer **Homeless Leasing** and **Social Lettings**, though neither model was covered here.

**CCHA**

CCHA staff, led by Matt Thomas (Director of Customer and Community Services), presented on their Loudon Square site, as an example of a mixed use retail and residential development.

Key points from the presentation:

Prior to the redevelopment, Butetown was a heavily deprived ‘forgotten’ area key for regeneration and high on both the Council and the local health board’s priority lists. As such they approached CCHA. Cardiff Council reinvested the receipts for the land in Loudon Square’s community facilities.

Huge push toward consultation with local groups absolutely key to the success of the project.

Challenge of dealing with the businesses, many of whom had been on the existing site since day 1 – they resolved this by building the townhouse element of the development first, decanting businesses in there on a temporary basis, then bringing them back onto the main site as soon as it was ready. Early engagement with retailers was key to overcome the decanting as well as the fact that the commercial rents hadn’t been amended for 10 years!

Commercial management was not something CCHA could manage internally, so it was outsourced to Cooke and Arkwright.

Community element was key and understood by CCHA who, for example, worked with developers to ensure that young people from the area had career opportunities through the development. 46 different cultures in the area! Key risk was lack of trust from these groups, but significant investment of resource in consultation enabled them to overcome this. Having a multicultural (and multilingual) staff group was useful – meant better understanding, for example, of holy days.

Clarity of vision and strength of leadership was very important – they faced difficulties coordinating finance and managing the various priorities of stakeholders, but due to strong leadership they managed. N.B. the joint venture agreement took 2 years to get right.

**Seren**

Seren staff presented on their Loftus Garden Village (shared ownership) project.

Key points:

**Shared Ownership (via Seren Living)**

Seren Living is an element of the Seren: a lettings agency; home ownership service; plus it runs two schemes for medical staff.

Brought Shared Ownership back because: they knew grant funding wouldn’t last; SH was an opportunity to blend different tenures.

Recruitment from the private sector to Seren Living meant bringing in the appropriate skills and experience to run Seren Living. As an example, understanding how private developers sell off plan using appropriately ‘dressed’ show homes meant sales for LGV were quick.

LGV is a 6 acre site which includes 60% affordable homes, 12% of which were built without SHG. Some grant was needed to build 19 cooperative homes based on a shared housing model.

Management of the landscaping of the site will be undertaken by Seren. Capped at £250 per home per annum, as a service charge. Frozen throughout development, after which they need to ensure it remains affordable, as it’s paid from HB. N.B. The park area was built early to demonstrate to potential buyers what the place would look like later.

As part of the ‘garden village’ approach, all tenants sign a covenant, to protect the area. This is particularly valued by those who’ve bought onsite.

Differences in spec between social/private sale kept to a minimum.

WG provided £1m toward purchase of the land.

Shared ownership as a model appeals to first time buyers, as well as those starting over again (e.g. following divorce). Also downsizers, whom Seren Living encourage to purchase as large a proportion as they can.

They aim to maintain the costs at below what one could expect to pay in the PRS. As long as they can continue to access the land, they feel that S/O will provide a long term solution to housing demand.

**Future Topics**

We finished with a discussion of future topics:

* LA Austerity Agenda – can HAs fill the gaps?
* Preparation for the future
  + Diversification of income (within regulatory boundaries)
  + ‘What if’ scenarios
  + Different responses to UC, changes to rents, etc.
* Efficiency and risk
* Learning from other organisations adapting to change (e.g. Care and Repair Cymru – could Chris Jones speak?)
* Sharing Services
* Getting Core Business right (Elin Brock volunteered to speak on this topic)
* Cuts and their impact – staff Ts and Cs, protecting frontline staff, mergers and partnerships
* Pushing efficiencies –why do some tenants and some properties cost a lot?
* Using Profiling information to better target customers
* Thinking about things in different ways (Barry Marlow was suggested as a speaker) – e.g. incentivising direct debit take-up, improving digital channels, provision of wifi.
  + Understanding costs better
  + Look to exemplar organisations e.g. Thames Valley’s digital offer
* Coastal – host? – Culture change and the impact of Who’s Home?