

The Changing Face of Housing Associations

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06.05.17



I will cover

- 2016 – what a year!
- The future for housing associations
 - the risk of mission drift
 - mergers
 - services
 - community investment agencies
- “Co-Designing with Integrity”
- Case Study: Ageing Better

13 November 2015

FINANCIAL TIMES

FRIDAY 13 NOVEMBER 2015

WORLD BUSINESS NEWSPAPER

UK £2.70 Channel Islands £3.00; Republic of Ireland €3.00

Anti-everything

The populist appeal of the Brexit campaign — PHILIP STEPHENS, PAGE 15

Climate for change

Will global leaders agree a new deal in Paris? — BIG READ, PAGE 12



How to spend it

Buying modern classic cars online — MAGAZINE

Osborne eyes privatisation of stake in social housing

That deal









We have a new Government



The Autumn Statement

“The country’s housing challenge is an urgent issue as it affects productivity”

Philip Hammond



It's official! Housing is infrastructure





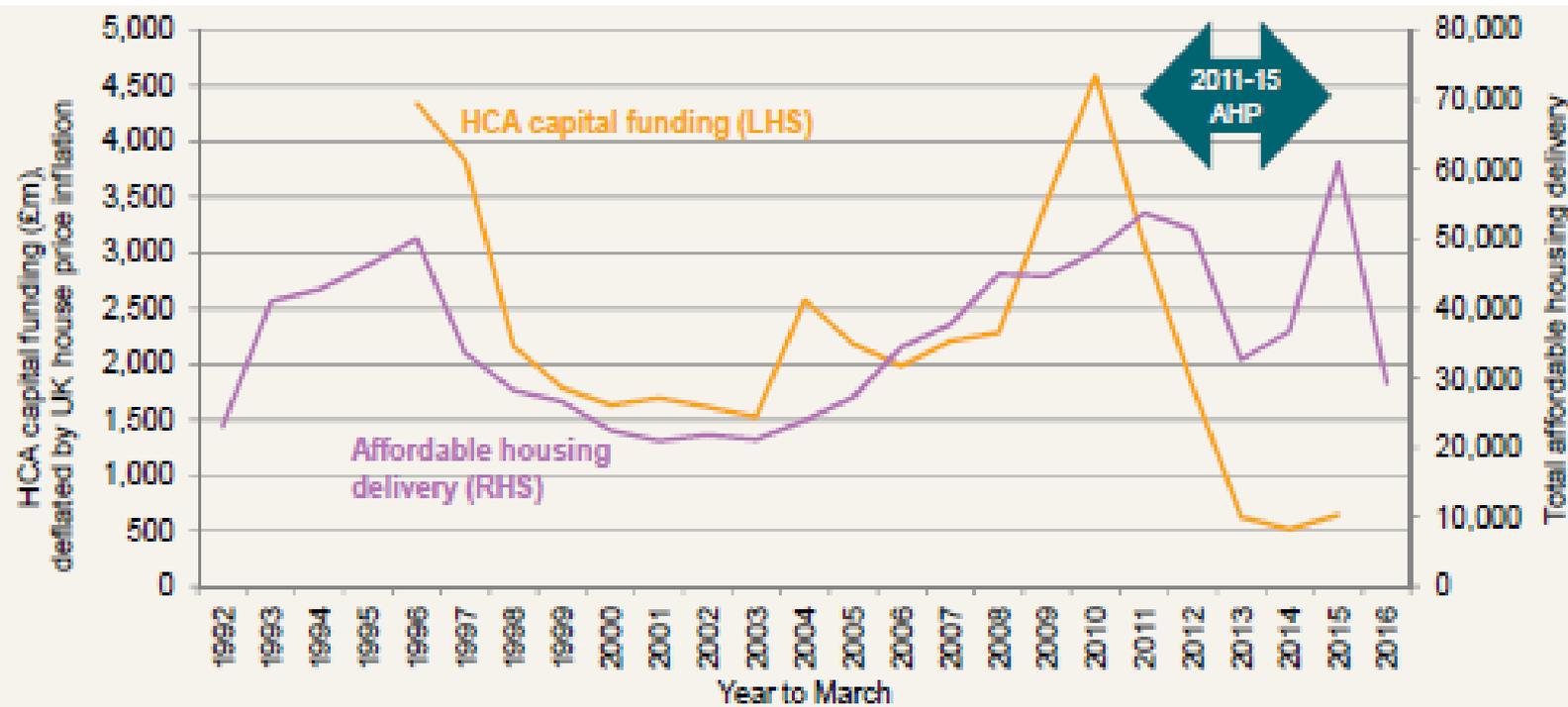


“The days of the
buy to let landlord
are numbered”

Funding and delivery



Source: Savills using DCLG, 2016 UK Housing Review and Nationwide



Government investment in housing associations increases significantly

- £1.4b for 40k “affordable” homes
- Sub-market rented housing is back!
- £1.7b for new homes on public land
- £2.3b Housing Infrastructure Fund to support the delivery of 100k new homes

“Poor people are not my problem”

Neil Hadden





Where is this slide going?





SYHA South Yorkshire
Housing Association
Delivering quality local living





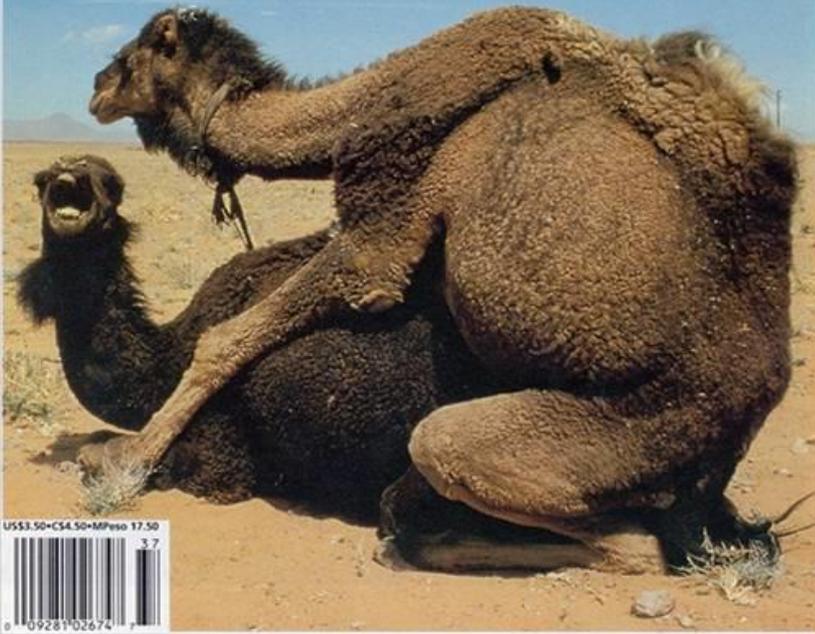
SYHA South Yorkshire
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The Economist

SEPTEMBER 10TH-16TH 1994

INTERNET INC	page 73
EUROPE A LA CARTE	pages 14, 21-23 and 57-58
BOUND FOR THE STARS?	page 99
CAMPAIGN KICK-OFF	page 25

The trouble with mergers



US\$3.50+CS\$4.50+MPeso 17.50

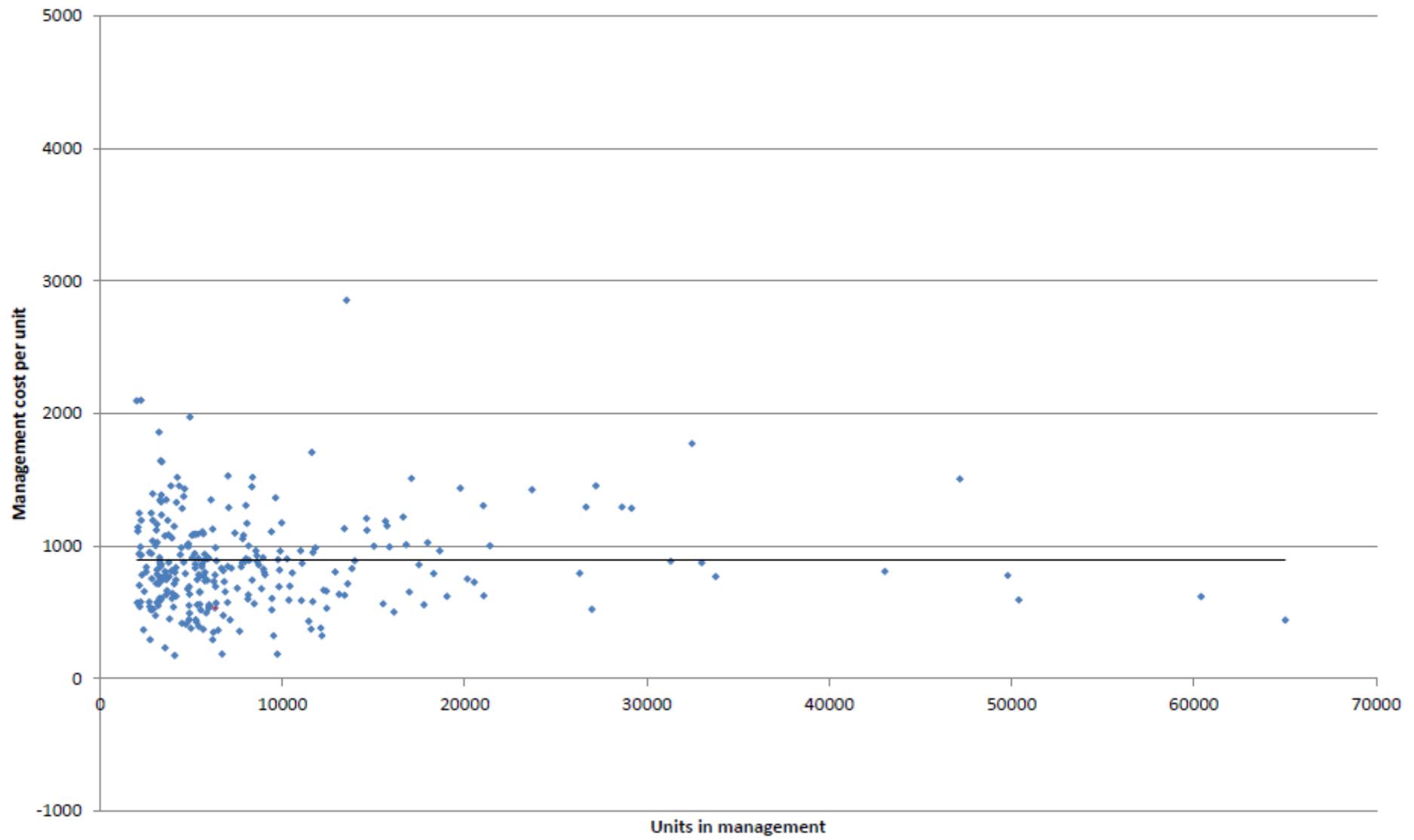


Australia	A\$6.50	China	RMB 40	Hong Kong	HK\$35	Japan	¥150	₩1820	Russia	US\$3.50	Switzerland	Sfr7.50	
Bahrain	Dinar 3.5	France	FFr25	India	₹70	Mexico	Peso 17.50	Saudi Arabia	Rials 25	UK	£2.00		
Canada	C\$4.50	Germany	Dm7.50	Italy	Lira 7,000	Netherlands	fl.8.50	South Africa	Rand 15.50	USA	\$3.50		

Mergers

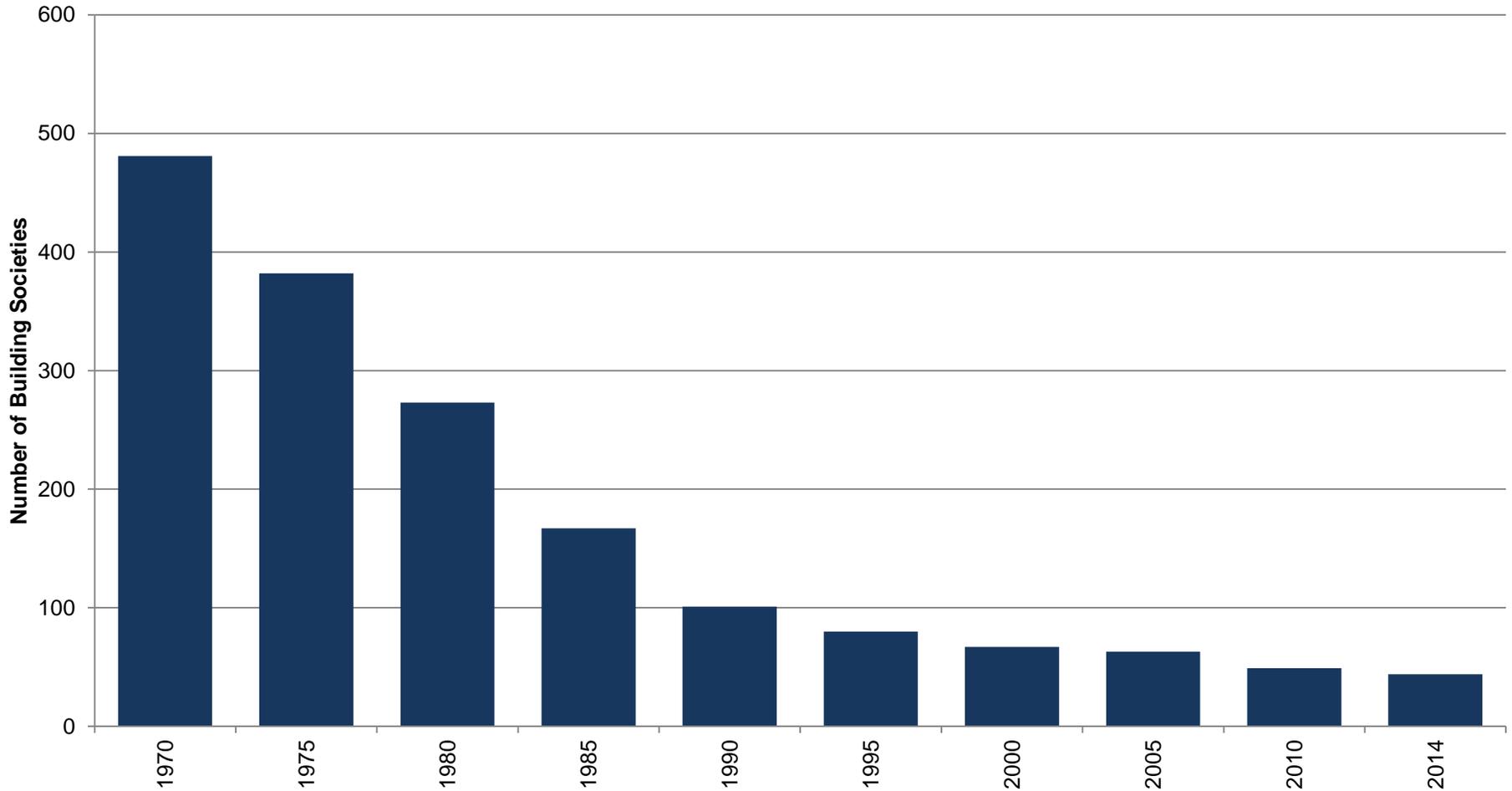
SYHA South Yorkshire
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Management Cost per unit



Contraction and Consolidation of Building Societies

Number of Authorised Building Societies



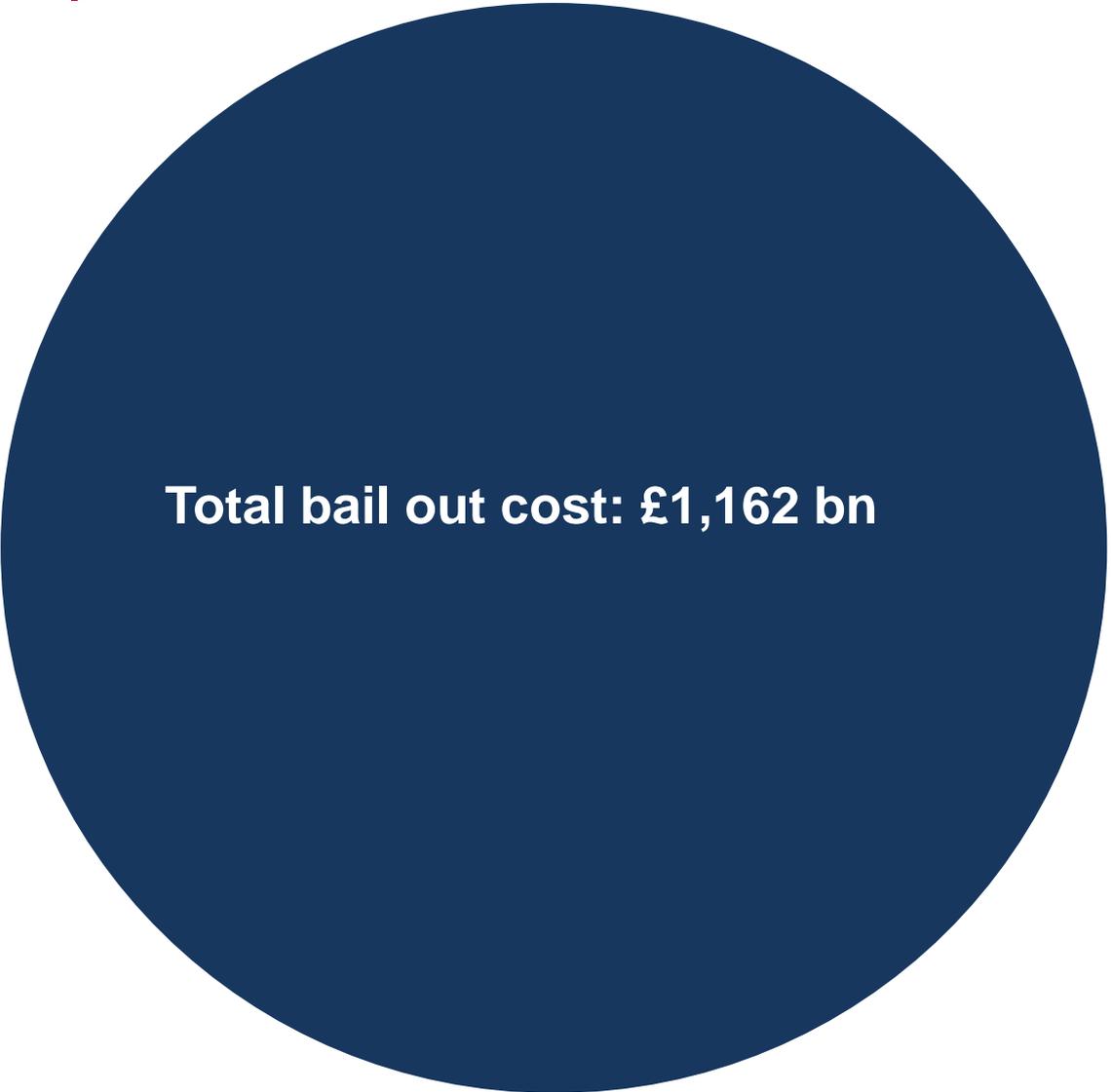
Specific Bail Outs

	Peak (£ billion)	at 31.3.15 (£ billion)
• Royal Bank of Scotland		
• Asset Protection Scheme	202	
• RBS shares	46	46
• Contingent Capital	8	
• Lloyds Banking Group		
• Asset protection Scheme	255	
• LBG shares	21	11
• Northern Rock	60	25
• Bradford and Bingley	46	32

Bail out, what bail out? the Top 10 Building Societies

	assets 2013 (£ billion)	bail out
• Nationwide BS	196.1	nil
• Yorkshire BS	32.6	nil
• Coventry BS	24.5	nil
• Skipton BS	13.9	nil
• Leeds BS	9.9	nil
• West Bromwich BS	7.4	nil
• Principality BS	6.4	nil
• Newcastle BS	4.4	nil
• Nottingham BS	2.5	nil
• Progressive BS	1.6	nil
• but Nationwide received £1.6 bn from the govt, to take over Dunfermilne BS in 2009		

Cost comparison: Bail out vs HA subsidy



Total bail out cost: £1,162 bn

- **Outstanding balance from bail out: £115 bn**
- **Housing Benefit paid to HAs (2010 to 15): £50 bn**
- **Housing capital expenditure (2010 to 15): £6 bn**

Never too big to fail

Banken onder druk in Vestia-affaire

The government has cut funding for affordable housing and urged housing associations to take on more risk and independence to take finance themselves. Top-down direction from central government has a long replaced with a focus on local housing policies.

Regulation is reduced, allowing associations to adopt more flexible funding models. Sound financing?

While all this applies to social housing in England in 2012, we are in fact talking about the Netherlands in the mid-2000s, when a previously tightly regulated and largely state-funded sector was effectively privatised.

Fast forward 10 years and those who once dreamed of financial independence are now for Dutch housing associations. Quite simply, the Dutch sector is in crisis.

opinion of housing associations is at an all-time low as to how about that executive salaries and perceived irresponsible behaviour appear regularly in the Dutch press.

Except for the banks, housing associations are now the second most criticised organisations in the country, a status Dutch housing consultants have kept close.

Has there been the sector's loss of trust? And what lessons are there for housing providers and policy makers in England? Inside Housing travelled across the Netherlands, speaking to Dutch consultants, academics and housing providers, its trustees, its members and the university towns of Twente, to find out.

Boom and bust

The story of the liberalisation of the Dutch housing sector began on 1 January 1996 with what is known as the *Wetgeving*, translated as *grouping, operation*. Before this first association, involved grants and borrowed money from central government, but were largely restricted to building homes according to government plans.

Under the one-off licensing operation, subsidies ceased to housing associations by government and loan agreements associations used to government were ended all at once. Associations regained their government loans with private finance and they soon pursued complete financial independence, in some far more long-term moving great.

Mr Kuyper, speaking to Inside Housing in an Amsterdam hotel, says: "Before 1996 there was a very strong bond between the government and housing associations. Housing associations often just received the policies of the government."

"There were a lot of grants and subsidies in those days, if we built something new, the deficit in development cost would be supplied by the government."

The 1996 reforms also encouraged mergers, and reduced restrictions on the activities associations could do.



Carl Brown recently visited Vestia and met with various stakeholders in place to manage the transition.

In January Dutch housing giant Vestia's finances imploded leaving it with €1.3 billion in bank debt and the sector facing a €700 million bailout package. Carl Brown examines what went wrong and whether it could happen in the UK. Photography by Tim Verhallen

VESTIA-SCHANDAAL STEEDS GROTER

Vestia sluit deal met banken



Left: Vestia's former chief executive Erik Stead. The left's tonight's headlines from the second of banks under pressure in Vestia's crisis. The financial press is bigger. Vestia's losses about will double, Vestia - on paper - is bankrupt.

"Housing associations are now the second most criticised organisations in the country."

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SIMPLE OPERATING MODEL



**MAINTAIN
FINANCIAL STRENGTH**

S&P credit rating of AA-
40% operation margin



**REDUCE COST OF
PROPERTY MANAGEMENT
& MAINTENANCE**

20% reduction in
Operating cost per unit



**USE SAVINGS TO
INVEST IN BUILDING
NEW HOMES**

£1/4bn over 8 years



Richmond Housing Partnership

SYHA South Yorkshire
Housing Association
Delivering quality local living



Social Prescribing



Building Better Opportunities



Well North



Ageing Better



Ageing Better

- National programme to reduce isolation and loneliness in people over 50
- 32 areas on the shortlist. 15-20 would be successful
- Up to **£6 million investment** available for our area
- Core partnership formed and developed a vision for our city
- **All sectors needed to be involved** and support the Sheffield bid
- Only HA led bid in the country. Secured the full £6 million. Highest performer at tender and on the programme

SYH



Isolation and loneliness

- One of the biggest public health challenges facing our society
- Demonstrable health impact and cause of higher rates of mortality
- Risk of death comparable to well-established risks such as smoking and alcohol consumption
- Family dispersal and demographic developments are increasing the scale of the issue
- By intervening early we can limit dependence on more costly services

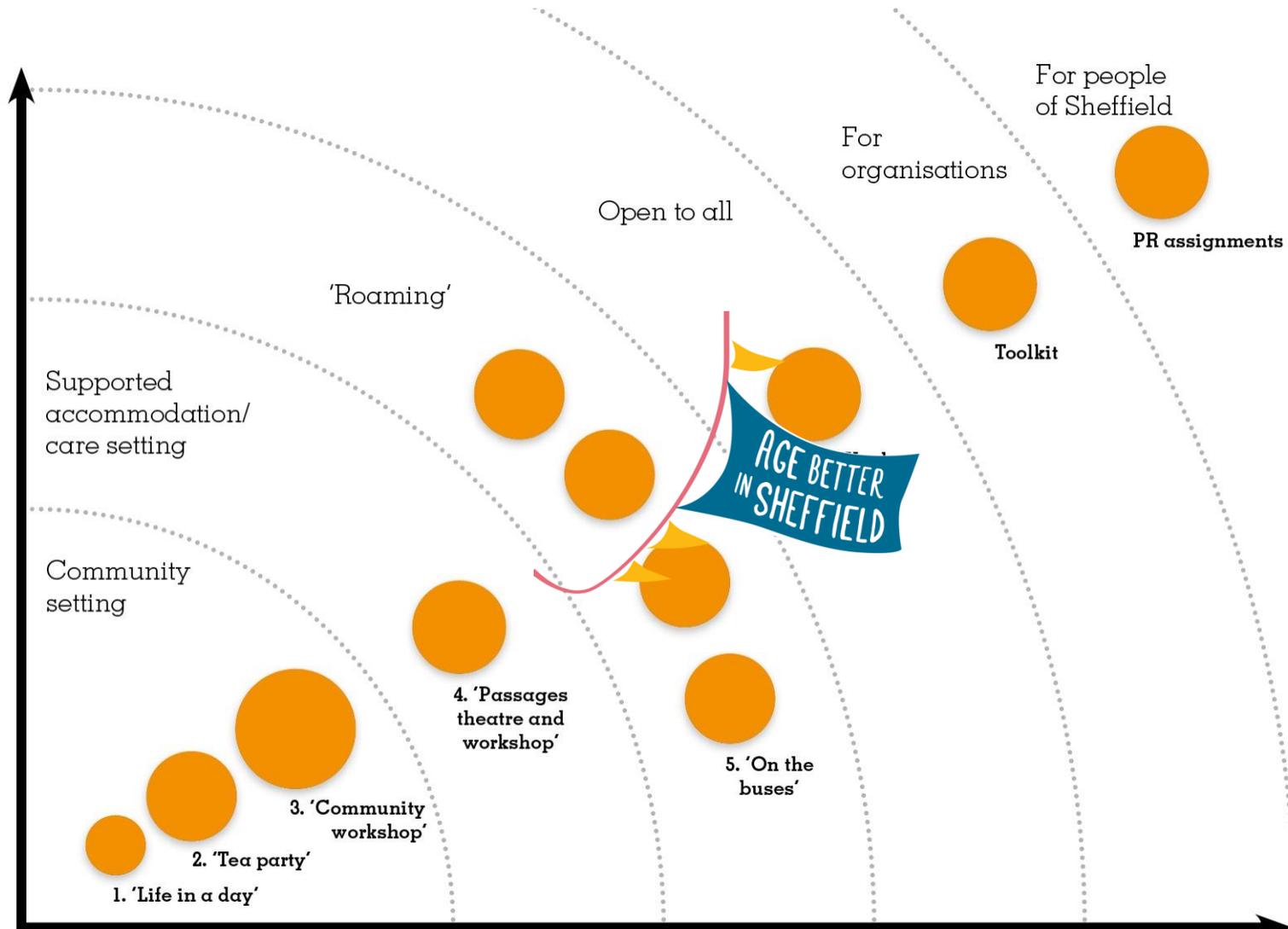
Core Partnership

- South Yorkshire Housing Association (lead the contract)
- Sheffield City Council
- Clinical Commissioning Group
- Public Health Sheffield
- Sheffield 50 Plus
- Sheffield Hallam University
- Kier
- People over 50 with experience of the issue

Our role

- **Lead on developing the vision and writing the bid**
- **Chair and lead the core partnership**
- **Commission the programme**
- **Contract manage the programme**
- **Manage the grant for the city**

Creative approach to co-design



Neighbours Tea Party



"Start training for old age now"

"It's not easy to just nip out because you've got to get back up the hill"



Passages Theatre Production



“Age is just a number”

“We’re from a generation where to go out on your own isn’t ladylike”

“It’s how you feel inside, not where you go or who you see”

<https://www.facebook.com/photo.php?v=732630526771516&set=vb.715960725105163&type=2&theater>

Community Workshop



"I don't see anyone... apart from the postman, and my GP. Oh yes there's the bus driver too...Yes, we've got a warden.."

"If I was allowed a dog, I'd be fit as a fiddle, I'd be happy as Larry"

"Put on all the lunch clubs you want, if there's nobody to encourage me to go, it's pointless"

On the buses



*“There’s not enough
community transport”*

*“Luncheon clubs are hard to
get in to”*

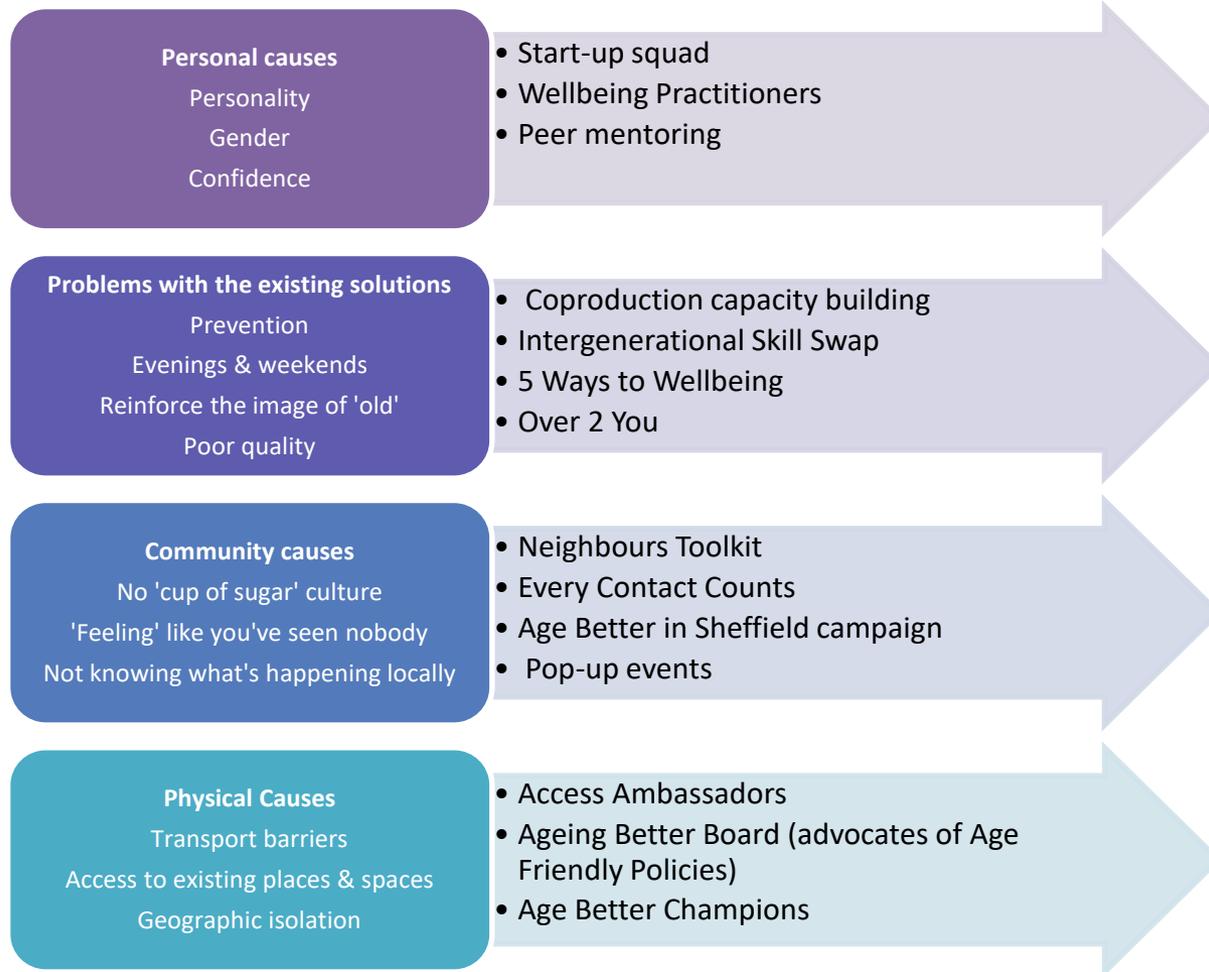
Growing Old Disgracefully





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What the Ageing Better Board designed





What an HA could bring to the table

- **Well established partnerships and a fresh approach to collaboration**
- **Talent and expertise e.g. bidding, co-design, marketing**
- **A system wide view**
- **Our knowledge of communities and placemaking**
- **A fresh approach to co-design. Co-design with integrity**

New funders

