

Proposals to Government to respond to Covid-19

April 2020

Purpose

The focus of government and the whole of society is on tackling the immediate health crisis posed by Covid-19. As this is brought under control, attention will increasingly turn to recovery and the housing sector has a strong role to play in this.

This is a proposal to government to introduce measures to support the housing industry's response to the impact of Covid-19. Its focus is on the known impacts of the virus and proposes interventions which will restore momentum to the delivery of new homes in England. It assumes that any housing market failure will be short lived and will result in a fall of open market values < 5%.

In the event of a more severe market failure, a more substantive package of measures will be needed, including elements of the post-2008 stimulus measures.

This paper has been developed by The Housing Forum in April 2020 drawing on the views of their cross sector membership and the operational issues facing housebuilders, developer contractors, housing associations and local authority development teams, specialist consultants, manufacturers and suppliers.

Proposals

Eighteen Interventions have been identified which are grouped into immediate, short term and medium term and focused on three interlinking objectives:

- demand-side measures
- supply chain resilience
- housing delivery continuity

1 Immediate	
1.1	Construction industry workers
1.2	Mortgage Market
1.3	Help to Buy for Heroes
1.4	Homes for Heroes
1.5	Grant Flexibilities
1.6	Planning Approval Support

2 Short Term	
2.1	Land Supply
2.2	Infrastructure Loans Deferment
2.3	Ongoing - Homes for Heroes
2.4	Help to Buy
2.5	Local Authority Enabling
2.6	First Homes
2.7	Housing Sector Capacity
2.8	Dispute Mediation
2.9	Future Procurement
2.10	Community Led Housing

3 Medium Term	
3.1	Delivery Award Payments
3.2	Single Housing Infrastructure Fund

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Immediate Interventions

Immediate Interventions – Underpinning The Industry (One Month)

1.1 Further prioritise and promote construction work as an economic driver (housing delivery continuity/ supply resilience chain)

Following the April 28 Government announcement that construction workers are to be a key group prioritised for testing and with many house-builders and contractors now recommissioning sites it is important that their legitimate use of public transport and presence on-site is communicated to key audiences and the wider public. This promotion of construction and housing delivery as vital infrastructure is key.

1.2 Restoration of product diversity in mortgage markets and effective transactional processes (housing delivery/demand side measure)

Residential markets are unable to operate in the absence of a range of LTV mortgage products and an inability of the associated valuation, insurance and legal services to facilitate transactions. This is a significant deterrent to housing investment and the Government should insist on restoration of the operations of the market as part of a post-lockdown renewal.

1.3 Help to buy for heroes (demand side measure)

The Help to Buy programme should offer enhanced terms for key workers with increased government loan amounts (up to 40% outside of London and 50% in London) and longer interest free loan period (increased from 5 to 10 years).

1.4 Short term homes for heroes programme (demand side measure)

Short term intervention focused on unsold but complete or near complete homes which are located close to NHS facilities. These properties can be acquired or converted by housing associations or the NHS directly and made available for essential workers. This could drive a change in the recognition and status of defined critical workers. Grant subsidy will be required for this.

1.5 Grant flexibility for all delivery partners (housing delivery continuity)

Extend the flexibilities that exists for strategic partners to all housing delivery partners (RPs and Developers) with access to grant funding. This will include access to additional grant and flexibility to change tenure (from shared ownership to affordable/social rent) to be applied to current and future schemes.

1.6 Immediate support for continuity in planning approvals (housing delivery continuity)

Due to local authority employees and resources being deployed in other areas to tackle Covid-19, they may struggle to properly resource their planning functions. Government should make available targeted resources to ensure that planning can continue as normal. Alongside this, Local Authorities should be encouraged to take a flexible approach to approvals for planning conditions and agree to defer planning contributions to maintain housing delivery, whilst protecting community interests. This should include allowing changes in affordable tenures (i.e. deemed approval of changes from shared ownership to social/affordable rent).

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Short Term Interventions

2. Short Term Interventions - Foundations For Recovery

2.1 Public land enabling to support future supply (housing delivery continuity/supply chain resilience)

Recognition by Central Government, its agencies, Homes England and local authorities where finances allow, that public sector land has a key role in maintaining housing delivery. Public sector landowners should adopt a pragmatic, bespoke approach to bring sites forward including exploring deferral of land payments where possible and a greater risk share between the parties where necessary on a site by site basis.

2.2 Deferral of outstanding infrastructure loan payments to the public sector (housing delivery continuity/supply chain resilience)

A number of Homes England infrastructure loans and others are now becoming due. Deferral of these on a basis of need on a loan-by-loan basis, by 6-12 months should be explored to assist with the cash flow of private sector organisations during this period of significantly reduced sale income.

2.3 On going 'homes for heroes' programme (demand side measure)

'Homes for Heroes,' for NHS workers, supermarket employees, and delivery drivers etc who have supported the country during the Covid-19 outbreak and where there would be a direct benefit to local communities and priority workers. A Government subsidised housing programme (Priority for housing which is within the means of workers including Rent to Buy, discounted Market Sales and social rent) focused on this group who are often living in housing stress.

2.4 Help to buy to be extended with additional focus on quality and key workers (demand side measure)

The Help to Buy programme should be extended to 2025 but combined with stricter access criteria to ensure that higher quality homes are supported. Continued focus and enhanced terms for key workers.

2.5 Local authority enabling (housing delivery continuity)

The interest rate on local authority lending should be adjusted to create immediately available funding for local authorities to commission more housing of all tenures. Many have had to scale back their housing programmes rapidly when the Treasury made the adjustment to the interest rate earlier this year. This is a really quick win for commissioning of housing projects. To support other proposals in this paper, an even lower rate for delivery of key worker housing projects or sheltered housing projects.

2.6 First homes to be introduced carefully and on new planning consents only (demand side measure)

The tenure offers potential for increased absorption rates, but if introduced too quickly could cause disruption to existing housing delivery. The focus of the new tenure should be on new planning consents only and as an additional form of affordable housing rather than to displace existing affordable housing tenures.

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Short & Medium Term Interventions

2.7 Retaining knowledge within the sector (housing delivery continuity and supply chain resilience)

The deployment of skilled and experienced people productively across all agencies will be important. This could involve redistributing/seconding employees into Homes England or other public sector housing delivery bodies. This could include Government providing revenue funding to Local Authorities and Agencies initiating housing schemes to prevent a 6-12 month lull in housing delivery activity. Also to be supported by new thinking from younger recruits, particularly adopting use of digital technologies.

2.8 Mediation and procurement facility for clients, contractors and subcontractors (housing delivery continuity and supply chain resilience)

The legal position on Covid-19, particularly in relation of force majeure, is currently unclear. Independent support is needed now to enable all housing delivery parties to work in a non-adversarial, collaborative way to get delivery going again. The Government should lead through its procurement practices, avoiding contractual remedies which cause unnecessary expenditure or delay and weaken overall housing delivery.

2.9 Enable and accelerate future procurement (housing delivery continuity)

Commissioning for housing needs to breach the barriers of OJEU procurement as it takes too long to start on site for any housing project. An “assumption in favour of call off” needs to be made to avoid tendering processes. There are thousands of frameworks which can be used by the sector which if they do not allow for call off, should be mandated to do so in order to avoid tendering and unnecessary costs to the industry and accelerate housing delivery.

2.10 Extend the community housing fund for one year (housing delivery continuity and supply chain resilience)

Community led housing groups offer a pipeline of c. 23,000 homes which offers a diversity of supply routes and housing choice. Extending the above fund by one year ahead of the CSR will enable schemes to progress, homes to be built and support economic activity alongside supporting our communities.

3. Medium Term Interventions – Supporting The Recovery

3.1 Delivery award payments for developers and local planning authorities (housing delivery continuity)

Enhanced payments made based upon achieving completions of homes over the next 12 months regardless of tenure i.e. Enhanced New Homes Bonus to incentivise public and private sectors to work together.

3.2 Acceleration of single housing infrastructure fund (housing delivery continuity and supply chain resilience)

Fund announced in budget with focus on large scale infrastructure projects to unlock housing should be brought forward. This funding will allow infrastructure projects to start which, due to the proximity of people to each other, could continue in a safe way when other aspects of the industry are still preparing to start. This infrastructure will then be in place ready for housing delivery to commence when it is safe to do so.

About us

The Housing Forum is the only cross-sector membership network that represents the entire housing supply chain on behalf of the housing industry.

With a membership of 150 like-minded organisations from across the public and private sector, The Housing Forum champions collaboration and innovation in construction to improve productivity, design and build quality.

Our primary purpose is to encourage collaborative solutions that increase the supply and delivery of quality homes through partnership.

The Housing Forum's membership network has a major influence on housing supply and quality, representing over £15 billion turnover, 1.1 million managed homes and 70,000+ homes in the build pipeline.

For more information on our aims to increase supply and drive quality through partnerships, read our manifesto for housing: ['A Quality Home for All'](#).