

# Housing Delivery Covid-19

14<sup>th</sup> May 2020

**Growth & Regeneration**

Housing Delivery Team

Slide 1



# Context

- Covid-19 will impact on our ability to deliver the Mayor's commitment of building 2000 homes, 800 affordable a year by 2020.
- The full impact of Covid-19 on Housing Delivery is not yet fully understood
- Bristol has an established Affordable Housing Grant Funding Programme
- Strong established partnerships with Housing Associations/ developers partners
- Housing Delivery should form a key part of Bristol's Economic Recovery Strategy
- Bristol is in a strong position to effectively respond to any infrastructure /housing economic stimulus packages to support a sustainable and inclusive economic recovery

# Impact of Covid-19 on Mainstream Housing Market

- **Short Term** – Practical difficulties due to restrictions has reduced completions (no viewings/valuations)
- **Medium Term** - Buyers more cautious due to uncertainty and impact on wealth (unemployment/ stock markets)
- **Longer Term** – unknown impact of Covid-19 on earnings and wealth
- Currently both demand and supply have reduced
- Majority of assumptions are based on a V shaped down turn and recovery. Knight Frank analysis *“suggests a sharp fall in activity. Looking beyond the short-term, however, and we predict an equally sharp uptick in the housing market into 2021, mirroring the outlook for the economy.”*

*For now, everything is dictated by the length and severity of movement restrictions. As soon as conditions are able to be relaxed, activity will return. However, if the government is to encourage a full return to normality, the existing economic stimulus announced in recent weeks will need to be supplemented.”*

# Impact of Covid-19 on Housing Delivery

- Majority of PLC house builders and Housing Associations development sites were closed.
- Development sites are now slowly beginning to reopen but social distancing requirements could delay programmes by up to 50% (*mainly internal works*)
- The potential risk to supply chain and the costs of materials is still unknown
- Majority of Housing Associations are not exchanging on any new contracts
- Valuers not willing to commit to valuations.
- Section 106 acquisitions are not being pursued due to concerns about Shared Ownership values
- Tenures of some affordable homes may change due to concerns over Shared Ownership values
- Completions and transactions are forecast to significantly reduce for Q1 and Q2
- Some development teams have been furloughed
- Long term land opportunities are still being explored but all bids are heavily caveated

# Potential Future Impact of Covid-19

## Challenges:

- Increased build costs (Estimated +15%)
- Reduced Residential Values (Estimated 5-10% potentially recovering in 2022 )
- Home purchases put on hold (*Currently at 6%*) , reduced demand, fewer transactions
- Falling incomes could create further affordability pressures
- Risk pressure to stimulate economy quickly, will result in short term approach which do not support high quality design / sustainability (i.e. Permitted development )

## Opportunities:

- Potential to change how people think about houses and homes - Greater value placed on good quality housing design / sustainability/ Place Making
- Promote Green Economy / Drive the delivery of MMC
- Expand our HRA Development Programme
- Strategic land acquisition opportunities at reasonable value / acquire affordable homes within existing developments (up to 50%) utilising our Grant Funding

# Housing Delivery Team's current response to Covid-19

- Covid-19 Engagement Strategy with Housing Associations/Developer to identify what the Council can do to support/ enable delivery and inform our emerging policy responses
- Utilise the Affordable Housing Grant Funding Programme to support Housing Associations in acquiring land and affordable homes from developers on site. The funding programme will be a vital tool, assisting to stimulate the market again post Covid-19.
- Prepare to support Housing Associations in re-negotiating Section 106 Agreements quickly, if necessary, to assist delivery in a different housing market.
- Create a pipeline of viable de-risked development opportunities by completing ground investigations and securing outline planning permission on allocated housing sites owned by the Council.