

# *Growth, place or people*

The housing association  
of 2022





# Growth, place or people

*In 'The Housing Association of 2020: Distinctive by design' we highlighted how the social housing sector could lay the foundations for future success by clarifying their purpose and aligning organisational resources accordingly. Many associations have risen to the challenge, making difficult resourcing decisions and investing in their organisations to become more efficient and effective.*

Since then, Brexit, political and economic uncertainty, imminent deregulation, rent reduction, and a Housing White Paper have further highlighted the need for strategic clarity, robust operating models and ongoing resilience. Global issues, such as the rise of digital, population growth and globalisation, have further contributed to resource stretch as these megatrends are increasingly felt at the local level.

It is clear that meeting this challenge requires a strong housing sector. While central government policies aim to stimulate demand and bridge gaps in affordability, the sector is being asked to make the sort of contribution that local authorities once did in the post-war period, when they produced more than 75% of new homes each year. This will require flexible and effective partnering between associations and other stakeholders.

Fundamental questions around leadership, capacity, partnering, corporate structure, competition and how best to embrace innovation and technology will need to be answered – and our view is that there are three distinct delivery imperatives for the sector, based on our understanding of the current state of the sector, and three distinct roles that housing associations could play.

Of course, delivery of this sort of set of imperatives will require a 'whole system' approach that relies on central government, regional and local governments, investors and supply chains to play their part as well.

The sector must now demonstrate its maturity and readiness to take on this challenge through a clear and measurable contribution to public value through creating homes, shaping places and housing people.





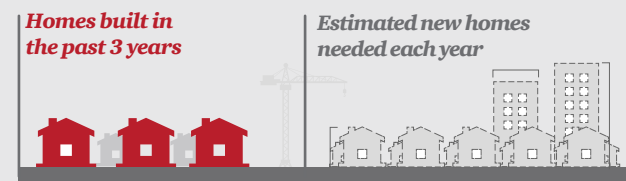
The UK has a national housing challenge – a multi-faceted challenge incorporating affordability, supply and social considerations – and housing associations have a vital role to play in solving it. Recognising that housing associations can't be all things to all people, we have imagined three housing delivery imperatives and the types of association that will need to be part of the sector-wide response.



## The challenge in statistics

**162,000**

New homes have been built annually in the UK over the past three years, but best estimates suggest that we need around...

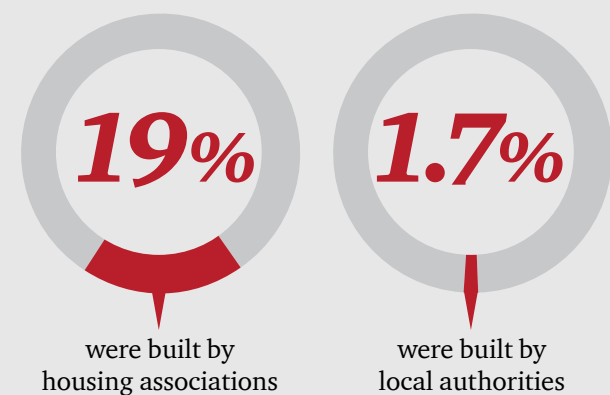


**250,000** new homes each year to address the housing shortage<sup>1</sup>

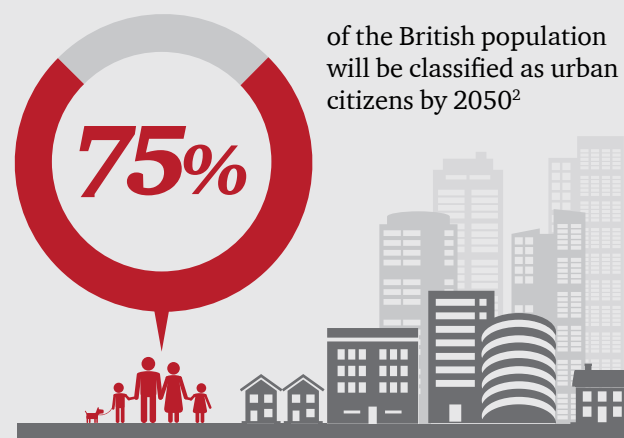
**2007**

was the last time home completions topped 200,000, immediately preceding the economic downturn.

**467,500** homes completed from 2013 to 2016



On average, house prices have risen by 7% a year since 1980<sup>6</sup>



**138** people per hectare is considered high density in London



compared with **213** people per hectare in parts of Paris and **286** people per hectare in parts of Madrid<sup>3</sup>



**1 in 5** 25-year olds own a house today compared to around **1 in 2** in 1997<sup>8</sup>



**30** is now the average age of first time buyers<sup>4</sup>



**716,000** people



estimated to be living in supported housing at a given point in time<sup>5</sup>

**77,240** households in temporary accommodation in March 2017



**60%** increase since 2011<sup>7</sup>

1. DCLG House building: new build dwellings statistics  
2. Ipsos Mori – Future Cities Dialogue  
3. London First – Redefining Density 2015  
4. Halifax

5. UK Gov  
6. Housing and home ownership in the UK – ONS  
7. NAO Homelessness 2017  
8. LGA report 2016





# Meeting the delivery challenge

We have illustrated the challenge to the sector by outlining three delivery imperatives which we feel are key to the contribution that housing associations can make to resolve the housing challenge, aligned with the types of association we feel are best placed to deliver each one.

## Delivery challenge

## Role of the housing association

### Delivering growth:



Delivering 50,000 new build homes a year. This will represent a contribution of 20% to the supply of new homes each year against a national target of 250,000 homes.

### The Growth Association 'We build'

Focussing capacity, capability and resources on building homes at volume, with diversity in portfolio and geography. Related services enable efficiency, effectiveness and sustainability; however, management of homes is not always part of 'the deal'.

### Creating places



Creating an additional net 5,000 homes through regeneration in the context of making better places.

### The Place-shaping Association 'We create'

Building relationships with local political leadership, and other key infrastructure and service providers – public and private – to work in partnership on place-shaping regeneration. Additional physical infrastructure is linked to the local socio-economic development objectives.

### Enabling people



Investment in homes and services which provide safety, security and stability for individuals and which also enable people to live more independently.

### The People-focused Association 'We enable'

Aligning operations to enabling individuals and communities to become more independent through a combination of effective landlord services and delivery/ investment in services which contribute to financial resilience, economic independence, and better health and wellbeing outcomes.

Although associations may embrace aspects of each type of role we would expect each organisation to see themselves as having a stronger focus on one, with a firmer and more established identity for how they create value, and which trade-offs they are willing to make. Indeed, we believe the sector as a whole should be more confident in diversifying along a spectrum of growth focused, place-shaping and enabling providers.





# Responding to the imperatives

*By embracing these roles, the sector will be making a major contribution to meeting the national housing challenge, responding to housing need and improving the economic and life chances for the most vulnerable groups in society.*

It will require individual associations, with their clearly defined individual imperatives, to deliver as a sector – having an ongoing awareness of what role they are playing in delivering the overall objectives.



**Growth focus – an illustration of how this could be achieved**  
Ten large HAs each delivering 4,000 units a year; and a further 25-35 delivering 10,000 homes between them.



**Place shaping – an illustration of how this could be achieved**  
Eight associations delivering 500 homes a year through regeneration and a further group delivering 1,000 homes between them with a clear and measurable impact on the quality of living and prosperity as a direct outcome. These place-shaping associations could be recognised as provider partners of choice in the context of devolution and a focus on region and place, valued for their innovation, commercial acumen, community-focus and expertise.



**People focus – an illustration of how this could be achieved**  
An array of service-oriented associations fulfilling a role in the new forms of integrated healthcare provision, specific accommodation for vulnerable customer groups and focused on skills, independence and financial inclusion.

*It may mean some associations break away from the spectrum entirely, either moving away from social housing regulation or ceasing to exist independently. This is a step-change we feel should be embraced as the housing challenge – and our proposed delivery imperatives – necessarily entail disruption, purposeful differentiation and structural reorganisation.*





# Which one are you?



## Growth Association: We build

*Combining financial strength, commercial innovation, and supply chains to build at scale.*

### Driving goal:

Maximising the capacity and capability to deliver more homes where they are needed.

### How to compete:

Building internal capacity and skills to rapidly grow the existing and future pipeline complemented by effective partnering with peer organisations, lenders, investors and the wider supply chain, exploring new business and partnership models, innovative investment vehicles, and mergers to do this.

### Key success measure:

Number of new homes.



## Place-shaping Association: We create

*Using local strategy, multi-disciplinary teams, and partnerships to create sustainable infrastructure and communities, contributing to wider social, economic regeneration and enhanced life chances.*

### Driving goal:

Positively transforming an area for the benefit of the local community through joined-up delivery planning and delivery.

### How to compete:

Engaging at a local level with government, business and other infrastructure and service providers to plan, design and deliver development and management approaches that align to place-based need.

### Key success measure:

Improvement in the physical fabric and socio-economic performance of a local area.



## People-focused Association: We enable

*Part of a network that brings together investment, landlord services, and skills to enable inclusion, independence, and opportunity.*

### Driving goal:

Maximising life chances for individuals through the provision of homes and services.

### How to compete:

A workforce – direct or provided in partnership – with the right capacity, skills, and commitment to provide services that can enable individuals to become independent while also ensuring homes and estates are well managed.

### Key success measure:

High levels of positive engagement with customers; improvement in life chances of customers.

# What does this mean for you?

Success is very much predicated on how individual organisations respond to the sector-wide challenge. Fundamentally this means each association must translate and deliver against its identified core focus by making strategic choices about what it delivers, reorganising capabilities to enable those strategic choices, and managing the trade-offs and risks associated with them.

	The Growth Association	The Place-shaping Association	The People-focussed Association
<b>Service value</b>	Measures value by the number of additional homes built, regardless of tenure or form of management.	Measures value in terms of regenerating local place, deep, distinct difference to areas of operation.	Measures value in terms of customer relationships, both as a landlord and whether individuals have been successfully supported and enabled.
<b>Geography</b>	Less focused on specific geography but on where demand and opportunity meet.	Regional areas of operation which combine development and management ambitions.	Local areas of operation where management is intensive, built around postcodes of demand and need.
<b>Corporate Structure</b>	Explores different forms of corporate structure to maximise building capabilities and capacity, increasing sources of finance, with other developers, land and asset owners, consultants, investors and minimising cost to build.	Corporate structure which supports place-based operations, ensuring the right balance between an efficient centre and responsive local operating units.	Simple and efficient corporate structure where landlord services are the primary function.
<b>Risk</b>	Risk taking organisations – more exposure to market risk balanced out by different forms and competencies of governance.	Risk optimising organisations – willing to take risk in clearly defined areas. Deploy opportunities to share risk with complementary organisations.	Risk avoiding organisations – look to minimise activity that diverts governance, management, and resource from supporting existing customer base.
<b>Relationships</b>	Will need strong relationships with central government, land and asset owning public and private infrastructure companies, developers. Relationships with local government will be important in terms of planning in particular.	Will need to focus on relationships with local and devolved/regional government, local economic, social, and transport infrastructure providers, including other associations.	Will look for strong relationships with the Third Sector, local authorities, maintenance contractors and local employers to maximise wellbeing and life opportunities.
<b>Capabilities</b>	Strategic land development focus with expertise in development project management, construction, active asset management and treasury.	Regeneration focus with physical and social aspects including place shaping and management, partnering with relevant stakeholders and key skills in asset management and reinvestment, treasury and supportive community focused programmes.	A focus on landlord services (people and property management) as well as social and economic regeneration. Specialists in programmes that promote greater life chances and improved wellbeing.





## Sector 2022

A strong sector in 2022 will be distinguished through associations that have:

- articulated the public value they deliver
- invested maturely in organisational development and technology reflective of the needs of their chosen business model
- created differentiated regional partnerships linked to devolution, aligning resources and skills to deliver regeneration
- delivered significant and rapid deal value from the mergers and acquisitions which have taken place, directly feeding into capacity and growth
- potentially been looking to new markets where they can use their expertise to offer additional value.

# The big questions

To understand your role in and readiness for meeting the housing challenge – consider these questions:

- Are you clear about your association type?
- How ready are you to execute your choice?
- Do you have the resources to activate your chosen delivery imperative maturely and decisively?
- What does this mean for the way you currently operate?
- Ultimately how will you articulate and prove the public value that you have created?



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