

Resource Pack

The Development Partnership Forum for the North, held in Manchester, 15 February 2018 with Trowers & Hamlins

Development Partnership Forums are a key way of The Housing Forum building influence and promoting collaboration.

60 leaders of housing and regeneration attended the inaugural Development Partnership Forum for the North. Development Partnership Forums bring central and local government and industry together to share best practice and support new entrants into housing development. These Forums are a highly relevant initiative as government looks to accelerate and increase house building and address issues of quality.

This Forum covered the final report on **Local Authority Direct Provision of Housing, North-west** and **West Yorkshire Housing Initiatives**, an update on **Site Practice** and **Housing Delivery Partnerships**.

This **Resource Pack** includes a summary of February’s meeting in terms of: outcomes, content, with links to presentations and relevant publications, all which will also be available on The Housing Forum’s [website](#).



The Housing Forum is grateful to Trowers & Hamlins for sponsoring this Forum.

Key Outcomes

- Partnerships and learning from one another will be key for the sector to rise to the challenge of increasing the supply of new homes. In particular local authorities wanting to establish Local Housing Companies should learn from others who have set them up and are operating them
- Procurement practice using better specification and collaboration can improve quality and reduce building failures
- Identifying the objectives shared between different partners will strengthen the business case and shape the structure of any development partnerships

Introduction **Shelagh Grant**, Chief Executive, The Housing Forum

The Housing Forum was set up following the 1998 Egan report 'Rethinking Construction' to encourage collaboration and long term partnering arrangements. It has a wide range of members from all parts of the Industry and a Board with representatives from Government and Industry. The Development Partnership Forums were started at the end of 2016 to share best practice and support new entrants into housing development with Resource Packs produced after each Forum. Recent reports from The Housing Forum include *Building Homes Better* (discussed below), *Future Proofing Supply* and *Sustainable Leasehold and Long-term Asset Management*.

Housing Initiatives in the North West and West Yorkshire

Key Housing Challenges in Greater Manchester **Steve Fyfe**, Head of Housing Strategy, Greater Manchester Combined Authority

In Greater Manchester, the strategic context is being considered together with housing issues so that the Strategic Housing Market Assessment (SHMA) is being developed alongside the Greater Manchester Strategic Framework. There has been significant population growth since 2001 and changing tenure patterns with PRS increasing towards a similar percentage as that for social rental. There is now high demand for new housing, contrasting with historic issues of empty properties. These have declined following Housing Market Renewal and Regeneration programmes and increasing demand. Housing supply is continuing to increase, following the low point in new supply in 2007. Analysis of the stock shows a very high proportion in Council Tax Band A (over 45%) which may not be the right balance of provision for the future.

Homelessness is still an issue, even though the Greater Manchester local authorities have been increasing prevention. This must be viewed against the background of rising national homelessness. The Combined Authority has set out ten priorities in the new Greater Manchester Strategy, including safe, decent and affordable housing to tackle rough sleeping and homelessness. They want to provide neighbourhoods of choice, including new PRS (distinct from the stereotype of poorer, older stock), greater provision for older households and ensuring the provision of truly affordable social housing. An Investment Fund was set up three years ago and they are trying to agree a Housing Deal with the Government that can bring together all the available Government funds. Town centre residential is an objective as well as a

long-term objective to diversify supply through SMEs, OSM and Housing Providers. There will be a consultation on the Greater Manchester Spatial Framework in June.

Regeneration as inclusive growth *Clare Tostevin, Director of Communities, RBH (mutual housing association based in Rochdale)*

RBH has 13,000 homes across Rochdale. RBH wants to ensure quality town centre housing provision by focusing on two existing flatted neighbourhoods as part of the wider town centre transformation. These neighbourhoods; College Bank and Lower Fallinge, are right in the town centre but physically cut off on the other side of the ring road. As well as improving the quality and mix of homes within these neighbourhoods there are opportunities to utilise unused land around the town centre with the capacity for 1,000 new homes. A key driver has been the Estate Regeneration National Strategy and RBH has been awarded Government grant for scoping and developing its Masterplan.

The housing currently available around the town centre is either RBH flats or small private rented terraces without gardens. There is no real choice for residents and so RBH is developing a comprehensive offer after extensive discussions with the community to identify what needs to change and how the investment should be made and ensuring that the existing community can benefit from the growth proposals. Research has mapped current public service expenditure and part of the project is exploring how to better target public funds to achieve good outcomes for people. The vision from discussions with the community is for a better quality of life underpinned by better quality homes, reconnecting them with the town centre and better public realm including a green route. The proposals take a transformational placemaking approach, with significant demolition, reintroduction of traditional street patterns and the assurance that existing residents can stay in their community.

As part of the inclusive growth approach the offer for the community includes proposals to help people secure 'good work'. These include intense personal support and potentially a secure 'basic income' that will help to take people out of the benefits system. RBH is trying to learn lessons from past regeneration to ensure that people who achieve better work outcomes still want to stay in the town centre. New housing would contribute to the overall residential growth of Greater Manchester with the right mix and quality for best impact and to add social value from the investment. If this comprehensive and inclusive approach works for Rochdale, it could work in other low market value areas of Greater Manchester to change their environment and make them great places to live.

Sefton local housing company *Martin Gladwin, Associate Property Consultant, Ridge and Partners*

Sefton is a mixed area, located north of Liverpool City Centre. While the Council does not own any housing it wanted to set up a local housing company to generate income by providing better quality housing in line with the local market strategy. The Company is in the process of mobilising and it will take about a year before it builds. A project group of three consultants was set up to examine and address the risks for the Council from this new venture at an early stage. A wide range of sites (4 – 300 homes but with most about 30 homes capacity) were examined to shortlist three sites for detailed investigation.

The wholly-owned company has a simple governance arrangement (legal structure) that enables it to set up a range of delivery vehicles, such as rental homes but the initial focus is on homes for sale. The project group had six months to examine the three sites (different locations, demographics and housing need) to determine what housing would sell and provide value. Site opportunities and constraints appraisals were carried out, including targeted trial pits from the desk-top studies. For Sefton, the benefits of this approach was early identification that one site was not viable because flood risk reduced its capacity which necessitated changes to the development plan. Another site was assessed as too large for the Company at this early stage and would have required a joint venture or similar. This site was removed and another site substituted that had to be assessed in a short time period (6 weeks).

Reviewing the approach, Sefton concluded that it would have been beneficial to have shortlisted 4 or 5 sites initially as this would have allowed substitution of selected sites more seamlessly. Additionally, Sefton concluded that the standard house types and specifications (quality) could have been developed at an earlier stage to assist with financial viability appraisals.

Build to Rent in Liverpool, Manchester, Leeds and Bradford *Will Bushby, Head of Regional Policy & Engagement, British Property Foundation*

Build to rent (BTR) was stimulated following the Montague Review but it has taken time for it to gain Government support and grow. While initial numbers are not large, they are consistently growing each quarter and the sector really started to grow in 2015 as investors became more confident in the model. There is a wide mix of investors, including local authorities, house builders and registered providers. BTR started first in London, due to strength in demand and the previous Mayor being confident enough in the sector to set targets for it, as part of his overall housing numbers for the capital. London accounts for 56% of current BTR development but it is growing in regional cities with Manchester very similar to London, then Liverpool, Leeds, Sheffield and Bradford. Manchester is far ahead of other regional cities in terms of the sector's growth. Government is encouraging such development through the Housing White Paper and changes to the NPPF. In some respects this is catching up with the practices already being pursued by some local authorities and is seeking to codify, thus guiding all local authorities through the recommended approach to, and issues to understand with BTR.

Keynote: Local Authority Direct Provision of Housing Report *Janice Morphet, Professor, UCL*

Extensive research was carried out into all local authorities in England to provide a systematic view of what they were doing to provide housing, the reasons and local variations so that councils could learn from one another. The potential for this was demonstrated during the research with the round table discussions as each council shared its approach. The research identified a wide range of engagement in direct housing provision by councils of all sizes, types and political persuasion, utilising a range of approaches. The rate of councils forming new Local Housing Companies increased during the research, with Councillors seeing housing as a core function and wanting to be active after a period of austerity. They are not just building new social housing but developing across a range of tenures, taking account of the local housing market, so that those in the north are focusing on homes for rent to try to retain graduates.

Councils are both learning from each other and some are also supplying services to others.

Councils had been frustrated by the slow development of housing, even after planning permission had been given, and by renegotiations due to house builders' viability concerns. Councils were motivated by the desire to increase housing provision and to improve standards and quality by being directly involved. Other motivations included rental income generation (to replace Revenue Support Grant, where they developed sites themselves rather than selling them), providing for local housing needs, such as older people, homeless (even buying homes to improve their lives and to reduce council costs), regeneration and increasing housing in town centres. When Compulsory Purchase Orders (CPO) were used they could be a good way of identifying land ownership and enabling sites to be assembled.

They used powers from the Localism Act 2011 and often started with their HRA and their own finances to fund new housing. The PWLB was used to loan money to their Local Housing Company but this needs care to stay within State-aid rules. In some cases, councils were returning their Right to Buy receipts to Government rather than using them to fund new homes. With housing associations increasingly reluctant to use S106 provision, some councils are taking these for their own developments. Other methods include open market purchasing, buying unimplemented planning consents, establishing land banks (i.e. Oxfordshire) and redeveloping existing large retail sites (i.e. large supermarket and car park).

The range of direct provision varies with Southwark planning to build 1,000 homes this year and Croydon have 20 sites in development, with 20 in preparation and more in the pipeline. No good examples were found of 'one public estate'. Many councils (65%) are already involved in direct provision another 22% are actively considering it. Delivery varies with regions, with the North-west lower while all but one borough in London are developing. Over 44% of councils now have a Local Housing Company (higher in London), developing all tenures but there are regional variations with more Councils in the North-east having Companies than in the North-west, while Yorkshire and Humberside were most positive. The amount of provision has been more difficult to assess since it takes about two years from setting up a Company to building (four years with a JV).

Councils that had transferred all their stock often were unaware they could get HRA. Others were inhibited by lack of land and lack of expertise, even though they could buy expertise in. Councillors were sometimes more enthusiastic than officers. Other problems were the HRA borrowing cap, loan repayments, the cost of setting up Local Housing Companies and unfounded fears about Right to Buy. Some of these barriers and problems were more cultural than actual. Some councils believed there was a lack of land but were unaware that their Company was building, showing a disconnection between perception and reality.

The Report recommended that the Government should remove the HRA borrowing cap and allow councils to use IFRS rules for their capital accounting. It also recommended that councils should share learning and experience.

Discussion

With significant population growth in Greater Manchester and also Leeds and elsewhere in the North, there is a systematic approach to assessing sites and remodelling housing stock, with BTR getting increasing political commitment.

In considering Sefton's approach, while the Council could have got income from selling land directly rather than setting up a Local Housing Company, it chose this route because it wanted to have an influence and more direct control over new housing provision. In particular it wanted to improve quality and ensure the right housing product for the local market (typically mid spec) when there was little activity from the market and to ensure developments were built. The Council's objectives were wider than just income generation.

Barnsley had adopted a different model. It was developing sites for sale because the market was not developing and the Council wanted to increase delivery and provide new homes at a good standard but without setting up a Local Housing Company. Plymouth had adopted a similar approach and Bradford had done this previously. There are reasons for using a Local Housing Company, such as tax advantages, being able to develop outside OJEU, recycling income inside the council (Plymouth was only example in the research). Set up costs are relatively low in relation to larger developments.

Many councils are setting up Companies to develop rental housing and to develop sites the market will not develop. For those councils that have decided from the outset to set up a Company they need to learn from those councils that have already set them up. This can help persuade councillors who are not so positive on housing development.

For Councils wanting to bring services back in-house setting up a Company is not the only route. Oldham has no Local Housing Company but is successfully disposing of sites in line with the local market capacity. Land value is key.

Partnerships and Practice Developments

Housing Delivery Partnerships removing barriers through collaboration, *Suzanne Benson*, Partner, Trowers & Hamlins

Housing Delivery Partnerships built on previous reports, looking at best practice by researching the experience of existing partnerships, the lessons they had learnt and what they would do differently or improve. The research showed a wide spectrum, range and complexity of motivations for councils (similar to those identified in Janice Morphet's research). There is a need to guard against simplistic assumptions. There are a range of benefits for the different partners. For example, access to sites for housing associations and private developers but also being able to use the financial strength of local authorities or housing associations. Investors, such as Pension Funds, are looking for long-term returns.

From the round tables and surveys, understanding the key commercial drivers and what each partner could not do by themselves was key and should be the starting point. However, there was a danger of focusing on mechanisms too early before they had a shared understanding of all the partners' objectives to develop the right business model. Funding is always important and investors needed to consider the end point – one site or multiple sites.

There are advantages of having more flexible plans because rigid legal structures (to give more control) are expensive to set up. It was better to have a shared understanding of objectives before developing the right form of partnership and legal structures. The research identified the importance of getting the right partners who shared the same objectives and values. Ensuring the end product is fit for purpose was also important (essential for partnerships looking for income generation).

Stopping Building Failures 2018, *Michael Cleaver*, Director, *The Housing Forum* and *Katie Saunders*, Partner, *Trowers & Hamblins*

This Housing Forum working group examined building failures in recent housing schemes and explored potential solutions. An example was given of the largest private sector residential tower in Croydon that had a multitude of expensive problems, such as floods and leaks. The service charge account had not budgeted for major remedial work. Problems with the quality of new construction has also been highlighted in the Hackitt Interim Report.

Three key themes emerged from the working group:

- Failure of all parties to understand value when cost is such a driver (i.e. lowest cost for developer or builder)
- Fragmented process (particularly design and build) between design, construction, development and maintenance
- Lack and shortage of skills, supervision (i.e. Clerks of works) and quality assurance.

The working group proposed a number of ways to reduce building failures:

- Help and support clients to build capacity, better address value and whole life costs at feasibility stage
- Design and procure for quality
- Use integrated teams
- Consider mandatory site inspections (possibly a Hackitt Review recommendation)
- Improve site skills and use approved specialist contractors (i.e. cladding)
- Complex and high-rise developments should use BIM level 2 because it is more efficient and promotes collaboration.

While it is possible to procure on quality, too often procurement is on price because quality cannot properly be assessed if tender specifications are inadequate. This could be achieved by tighter performance specifications to define required quality and then selecting on best price that meets the specification. Another approach is to use a 2-stage process with more collaboration by early involvement of the contractor (Latham Report) and an 'open book' process. The current fragmented procurement process and contractual issues prevent client involvement with the supply chain, separates main contractors from designers and the lack of integration between development and asset management.

Using a partnering contract rather than a JCT Design & Build form would allow early contractor involvement and an interrogative procurement process, which explores the contractor's skill set, would expose weaknesses at an early stage and enable the client to take action.

The working group is looking for examples of good procurement and practice and to develop case studies illustrating good practice.

Presentations

You can download the following presentations [here](#).

- **The Housing Forum:** *Shelagh Grant, Chief Executive, The Housing Forum*
- **Key Housing Challenges in Greater Manchester:** *Steve Fyfe, Head of Housing Strategy, Greater Manchester Combined Authority*
- **Sefton local housing company:** *Martin Gladwin, Associate Property Consultant, Ridge and Partners*
- **Build to Rent in Liverpool, Manchester, Leeds and Bradford:** *Will Bushby, Head of Regional Policy & Engagement, British Property Foundation*
- **Local Authority Direct Provision of Housing Report:** *Professor Janice Morphet, UCL*
- **Housing Delivery Partnerships,** *Suzanne Benson, Partner, Trowers & Hamlins*
- **Stopping Building Failures 2018.** *Katie Saunders, Partner, Trowers & Hamlins and Michael Cleaver, Director, The Housing Forum*
- **Regeneration as inclusive growth -** *Clare Tostevin, Director of Communities, Rochdale Boroughwide Housing*

Resources

- [Local Authority Direct Provision of Housing](#), *Professor Janice Morphet & Dr Ben Clifford, Bartlett School of Planning, University College London*
- [Housing Delivery Partnerships removing barriers through collaboration](#), *Trowers and Hamlins*

Speakers in order of appearance

Shelagh Grant, Chief Executive, The Housing Forum

Steve Fyfe, Head of Housing Strategy, Greater Manchester Combined Authority

Clare Tostevin, Director of Communities, Rochdale Boroughwide Housing

Martin Gladwin, Associate Property Consultant, Ridge and Partners

Will Bushby, Head of Regional Policy & Engagement, British Property Foundation

Professor Janice Morphet, UCL:

Michael Cleaver, Director, The Housing Forum

Suzanne Benson, Partner, Trowers & Hamlins

Katie Saunders, Partner, Trowers & Hamlins

Andrew Burke, Development Director, The Housing Forum

List of delegates

Joanne Bonnington, Development Manager, Adactus Housing Group
Ian Bayman, Head of Quantity Surveying, Arcus
Gordon Snape, Head of Architecture North, Arcus
Joanne Turley, People & Performance Consultant, Ark Consultancy
Mark Ellis, Associate Partner, Baily Garner
Richard Burnham, Head of Housing and Energy, Barnsley Metropolitan Borough Council
Natalie Covill, Graduate, Barratt Partnerships
David Kowal, Consumer Market Development Manager, British Gypsum
Susan Guinness, Head of Shared Financial Services, Chorley Borough Council
Victoria Robb, Development Lead, City of Stoke-on-Trent
Jack Walvin, Clarion Housing Group
Nick Maguire, Land Manager, Clarion Housing Group
Peter Hayes, Development Manager, Engie
Andrew Gray, Business Development Manager, Fusion21
Paul Taylor, Development Manager, Great Places Housing Group
Madeleine Bell, Head of Housing and Property, Harrogate Borough Council
Gavin Scott, General Manager, Ian Williams
Neil Robertson, Regional Business Development Manager, Keepmoat Regeneration
Maggie Gjessing Head of Housing Growth, Leeds City Council
Gillian Harrison Senior Architect, Levitt Bernstein
Tahreen Shad, North-West region Partnership Director, Lovell
Beverley Grey, Business Development Manager, Mears New Homes
Kate Maughan, Head of Member Engagement, Northern Housing Consortium
Roger Burton, Director, Nvirohaus
Tom Stannard, Director of Economy & Skills, Oldham Council
Bryn Cooke, Head of Housing and Property Partnerships, Oldham Council
Jim McMillan, Design and Technical Manager, Onward Homes
John Wright, Regional Development NW, Places for People Group
Alan Green, Director of Development, Property Team, Plus Dane Housing
Steven Elliot, Development Manager, Plus Dane Housing
Graham Locke, Director | Architecture, PRP
Peter Walsh, Sales GB Worcester Northern Specification, Robert Bosch

Gemma Wood, Head of Strategic Regeneration, Rochdale Boroughwide Housing
Andrew Leigh, Head of Housing Strategy, Salford City Council
Ian Ridgway, Development Manager - Housing Partnerships, Seddon Construction Ltd
Joanna Mckendrick, Development Manager, Southway Housing Trust
James Nobbs, Graduate Development Manager Trainee, Southway Housing Trust
Jack Gould, Project Manager, Tameside MBC
John Hughes, Principal Housing Strategy Officer, Tameside Metropolitan Borough Council
Caroline Abbott, Housing Strategy & Growth Manager, Trafford Council
Christopher Gardner, Graduate Surveyor, Trebbi Continuum
Murray Lloyd, Director, Trebbi Continuum
Alistair McLeod, Director, W@terstons
Simon Leadbeater, Residential Managing Director, Willmot Dixon