

The Housing Forum: Development Partnership Forum

Resource Pack – 30th September 2016

Report for The Housing Forum Board on 20th October 2016

Terms of reference / Background

The Development Partnership Forum is a new initiative from The Housing Forum to bring government and industry together to share best practice and support new entrants into housing development. It is a highly relevant initiative as government signals a range of measures to accelerate and increase house building.

Development Partnership Forums will be held on a quarterly basis in London and the core cities to give a platform for government, agencies and the industry to better understand emerging policy, the development life cycle, commercial and construction considerations. The Forums will always be topical, covering current issues.

This **Resource Pack** includes a summary of outcomes, content, links to presentations and relevant publications, all which will also be available on The Housing Forum's website. After each Forum we will ask for topics and issues to be examined at the next Forum.

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

1. KEY OUTCOMES

- Long-term commitment to building more homes provides certainty and continuity for the industry to develop solutions and invest. The emerging signs of flexibility towards more mixed tenure will help bring more homes to market.
- To achieve its ambition of building a million new homes by 2020, the Government should understand the whole housing market, the roles of different players and the

contribution each stakeholder can make. A policy environment, such as a wide range of tenures that allows each player to maximise their potential rather than compete with each other will produce additional supply.

- Innovation (off-site or pre-manufacturing) is seen by the Government as a way to increase speed and quality and it has invited industry views on these approaches. Industry welcomes the opportunity to help the new government teams.
- Quality must not be neglected in the rush to build more new homes. Clarity is needed on the interaction of national and local standards to develop good, efficient and sustainable designs.
- Private finance is available as investors look for the stable, long-term income streams that rented housing provides. It takes time to build investor confidence and frequent policy changes undermine that hard-won confidence with the danger that investors will look to other sources of guaranteed income.

2. SUMMARY OF CONTENT

2.1. Policy Context: National

DCLG confirmed that delivering more new housing of all tenures was a priority for the Government. Housing was mentioned by the Prime Minister in her first speech and it has subsequently been reinforced by Ministers. The Government intends to build on current achievements, such as the affordable housing settlement and the 171,000 completions in 2015 but wants more to be delivered.

The Government acknowledges that there is no single or simple solution to increasing the supply of new homes. It has identified some of the issues to be addressed and is introducing a range of measures, such as releasing more land, especially public sector land and introducing planning changes through the new Neighbourhood Planning Bill to speed up the planning system and get homes built more quickly after permission.

It wants to increase the output from smaller builders by addressing planning and finance problems and generally increase output from existing players across all tenures, including custom-build through the Right to Build. On 3rd October the Government announced [new measures](#) to build more houses, more quickly, in the places people want to live. The £3 billion **Home Building Fund** will provide:

- £1 billion of short term loan funding to be used for small builders, custom builders, and innovators, delivering 25,000 homes in the short term.

- £2 billion of long term funding for infrastructure to be used to unlock a pipe line of up to 200,000 homes over the longer term, with the emphasis on developments on brownfield land.

2.2. Policy Context: London

The new Mayor has confirmed that tackling the housing shortage in London is his first priority and has assembled a strong team as well as bringing together key industry players to achieve this. His view is that increasing output is not to be at the expense of quality and residents. Next year's London Plan will set out the Mayor's ambitions in terms of long-term targets, with a stronger focus on affordable housing, recognising that it will take time (marathon not a sprint). There is a strong focus on public land, especially Transport for London's land and to support partners in land acquisition through CPOs and increasing capacity through skills and pre-manufacturing in conjunction with BEIS & DCLG. The GLA is in discussion with central Government about the new funding prospectus, making the case that London has specific needs and seeking greater devolution of powers for London.

2.3. Estate Regeneration

The Government and the industry's work on Estate Regeneration was outlined by Andy von Bradsky. Residents, community led programmes, process of engagement and design quality (place making not just numbers) are central to the initiative as part of the 'life chances' agenda. Community engagement should be embedded in national policy. The taskforce is examining how to speed up the process and reviewing approaches to procurement – by identifying partners early. There are specific challenges for London, such as avoiding hyper density in the centre and increasing density in the suburbs (zone 4 and beyond). The Mayor wants no net loss of social housing as a consequence of regeneration. The goal should be sustainable outcomes focused on people and reduced demand on public expenditure.

The importance of getting community buy-in and resident engagement through quality, social infrastructure and good public realm to produce thriving communities was highlighted by the industry representatives. They suggested that lessons needed to be transferred from Estate Regeneration to general house building. Flexibility on tenure mix from GLA was important. Fiscal measures to fund social infrastructure and to get some immediate results were needed

3. ROUTES TO MARKET

3.1. Ashford – former growth area

Ashford Council shared their experience of being a former government growth area, having targets of 30,000 new homes and created 28,000 jobs, and what they are now doing in terms of quality and community to address high costs and poor value for money and other failing aspects. A solution was illustrated in the Chilmington Green Development based on Garden City principles and the use of a Community Management Organisation and Quality Charter. They stressed the importance of partnerships for quality and long-term development. A Section 106 approach was used, the community infrastructure levy did not apply. A resident levy is used on top of developer contributions to meet community management organisation revenue costs for a period of time.

3.2. London Borough of Waltham Forest

Waltham Forest explained the different challenges faced developing in London and on brownfield sites. Local authorities recognise the need for local economic growth, and extra revenues because of the changes to their funding and the limited development they have been able to achieve to date. To meet the target of 12,000 new homes they have set, they are moving from land disposal to longer term revenue streams and making efficiencies by reviewing their asset management strategy since their existing stock is in good condition. To use their 'Right to Buy' receipts they are investigating a LLP charity since they have very little headroom for borrowing.

3.3. East Thames Housing

East Thames explained how they have diversified over the past 7 years to develop without grant, using partnering, S106 and private sales. Different approaches were needed to scale up due to the time lag in receiving sales receipts before they can invest. They have explored joint ventures and mergers. Partnerships are essential because individual housing associations cannot increase delivery substantially by working on their own.

4. FUNDING AND INVESTMENT MODELS

4.1. Build to rent

The British Property Federation gave an overview of the different approaches being adopted for private rental that is delivering about 6,000 units/year (more than the 5,000 target set by

the previous Mayor of London). Their members are increasing investment in residential and are offering a range of tenures, including discounted market rent.

M&G Real Estate discussed the approach used by investors, such as pension funds, looking for long-term (10 or 20 year) income streams rather than asset price growth. The largest investors are local authority pension funds. The sector has been hit by the 3% Stamp Duty Land Tax which reduces income streams and impacts on pensions. M&G manage their properties directly and look to attract residents to new schemes through quality and energy efficiency. All their investments have community space and can be built and occupied much faster than private sales. However, attracting investors is hard work because of competition from other value and income streams.

4.2. Affordable Rent

QSH shared their experience with Birmingham to develop different development models, such as adapting the well-understood student housing model for residential. One model provided a 20 year income guarantee while including affordable (mid-market) rents and the ability to flex rent to buy. Their aim is to build investor confidence that rental market is safe. They are exploring other models to combine new-build with existing properties to provide a blended yield for investors (a form of cross subsidy) and other forms of collaboration with councils.

5. BUILDING IN BASILDON

Custom Build Case Study

Pollard Thomas Edwards Architects explained their work with Swan Housing Association to use a custom build and pre-manufacture approach to provide better value in an area of low housing value. An important aim was to provide for consumer choice through a significant range of options (a million) with an off-site system. The use of BIM enabled contractors to get involved earlier as well as helping customers visualise and design their new homes.

6. PRESENTATIONS

- [Chilmington Green, Ashford Borough Council Presentation](#)
- [BPF Presentation](#)
- [QSH Presentation](#)
- [Pollard Thomas Edwards Presentation](#)

7. RESOURCES

- [Altered Estates](#)
- [Completing London's Streets](#)
- [Another Storey](#)
- [Chilmington's Community Management Organisation \(TCPA article\)](#)
- [BPF: Navigating Public Procurement](#)
- [Foresight: prospects for land, rent and housing](#)

SPEAKERS (in order of appearance)

Andy von Bradsky	Chairman	The Housing Forum
Richard Chapman	Housing Strategy	DCLG
Jamie Ratcliff	Assistant Director of Policy, Programmes and Services	Greater London Authority
Shelagh Grant	Chief Executive	The Housing Forum
Ken Jones	Director of Housing and Growth	London Borough of Waltham Forest
SallyAnne Logan	Project Manager	Ashford Borough Council
Paul Naylor	Deputy Chief Executive	Ashford Borough Council
Alan Collett	Residential Sector Consultant	M&G Real Estate
Ian Fletcher	Director of Policy (Real Estate)	British Property Federation
Paul Hardisty	Chief Executive	QSH
Carl Vann	Partner	Pollard Thomas Edwards

DELEGATES

Andrew Beharrell	Senior Partner	Pollard Thomas Edwards
Trevor Burns	Executive Director of Development, Sales & Asset Management	East Thames
Paul Bridge	Chief Executive	Civitas Housing Advisors
Tom Chance	Policy Officer	National Community Land Trusts
Saba Choudhury	Project Director, Regeneration and Strategic Partnerships	Hyde Housing
Joe Cook	Executive Director of Sales and Development	Aldwyck Housing Group
Andrew Esam	Associate	U.L.L. Property
Richard Fagg	Deputy Managing Director	Linkcity
Jerry Gilbert	Partner	Ark Consulting
Paul Haines	Construction and Regeneration Director	Network
Alec Harris	Framework Manager	Osborne
Kerry Heath	Development & Regeneration Director	Hexagon
Bevan Jones	Managing Director	Sustainable Homes
James Knight	Sector Community Director - Residential Housing	Arcadis
John Milner	Equity Partner	Baily Garner
Daren Nathan	Development Director	Durkan
Caroline Pennock	Director of Business Development	Newlon
Dubravka Polic	Senior Regeneration Professional	London Borough of Barking and Dagenham
Louise Rawsthorne	Assistant Director, Investment and Commercial Delivery	Babergh and Mid Suffolk DC
Steve Skuse	New Business Director	Willmott Dixon
Shenaz Virji	New Business Manager	Bugler Developments
Ian Winslet	Director	Ark Consulting
Paul White	Estate Renewal Project Manager	London Borough of Enfield
Alan Wright	Partner - Architecture	bptw partnership



The cross-sector membership network
for housing and construction

www.housingforum.org.uk