

STRATEGIC LAND SITES

Unlocking sites for large-scale housing delivery in the UK



Contents

- 1 Foreword
- 2 Roundtable event
- 4 Long-term, strategic vision
- 5 Collaboration
- 6 Skills and resources
- 7 Scale and market absorption
- 8 Incentivising housing delivery

Foreword

Housing in the UK has rarely sustained such a high profile on the political and social agenda. This is true despite the fact that we are in the midst of a unique period of political instability with hugely significant issues for our country competing for political attention. The government's commitment to getting the right homes built in the right places in order to fix the broken housing market, is well documented. The Social Housing Green Paper and Homes England strategic plan 2018 to 2023 are examples of this.

We all know that the pace of construction of new homes must increase in order to meet the demands of growing communities and the government's challenge to the sector to build 300,000 additional homes each year. From the kitchen tables of existing households, to the chambers of the planning committees, to the board rooms of PLCs, there needs to be a positive attitude towards the building of new homes.

This is easier said than done, partly because this issue is rife for debate. What do we mean by building the "right homes" in the "right places" for example? And if we are going to build "as soon as possible" then there are plenty of challenges to be navigated in that time. These include the complexities of engaging with political influences and detailed legal processes. This is all set in the context of our public services being constrained by recent "austerity measures" and forces affecting commercial entities with responsibilities to deliver positive outcomes, not just for local communities, but also for the various stakeholders of the City.

Many focus on the importance of brownfield land, observing that existing sites of this nature have capacity for 1 million new homes, according to some assessments. Despite this, it is abundantly clear that additional land will need to be "unlocked" for new development. The strategic land sector works with local planning authorities to identify and release such land for new projects and the importance of this work in the context of the housing crisis cannot be overstated.

For our Spring 2019 strategic land roundtable discussion, we invited a group of industry leaders to debate these challenges and opportunities and to create new alliances to make sure these development sites can get off the ground.

This report summarises the key themes of that discussion.



Simon Robinson
Partner, Real Estate
Trowers & Hamlins
srobinson@trowers.com

Roundtable event

Attendees

- Trowers & Hamlins** Simon Robinson – Partner (Host)
- Savills** Peter Gough – Associate Director (Host)

- Trowers & Hamlins** Julian Keith – Partner
Chris Plumley – Partner
- Barratt Developments** Samuel Stafford – Regional Strategic Land Director
- Catesby Property Group** Myron Osborne – Land & Development Director
- CWC Group** Robert Hepwood – Land and Planning Director
- Gladman Developments** Diana Richardson – Planning Director
- Homes England** Ken Glendinning – Head of Strategic Land
- Linden Homes** Andrew Tildesley – Strategic Land Director
- Lioncourt Strategic** Andy Faizey – Strategic Land Director
- Persimmon Homes** Kate Tait – Strategic Planning Director
- Richborough Estates** Paul Campbell – Managing Director
- Savills** Andrew Galloway – Director
- West Midlands Combined Authority** Tim Davies – Senior Development Manager





Long-term strategic vision

National leadership with a clearly articulated strategic vision is essential for creating a wider positive attitude towards the building of new homes. The government's ambition to increase levels of housebuilding by 300,000 new homes each year, is certainly a step in the right direction.

Making sure homes are built in the right places, where people want to live, and where they can flourish, supported by accessible services and opportunities, needs to be at the heart of the vision. It is essential that local needs are met and addressed through local area planning and this has been set out by the revised National Planning Policy Framework (NPPF). There has been a shift in the role of local authorities with an emphasis on place-shaping and how housing delivery can link directly back to the local area strategy. This provides opportunities via improving schools, training, employment, transport connections and recreational spaces which impact housing delivery directly and indirectly. This focus maintains the long-term vision of housing supply with the wider impact of regeneration at the forefront.

Involving all aspects of our communities in the creation of a strategic vision is essential in creating a positive development culture, with all parties working together to build the homes that are needed. This allows community stakeholders to voice their own ideas and aspirations about the places that are precious to them, balancing attachment to and understanding of the past, with the need to adapt to meet the challenges of the future. This creates a collaborative place-shaping approach which links the theory of strategy to the practicalities of implementation.

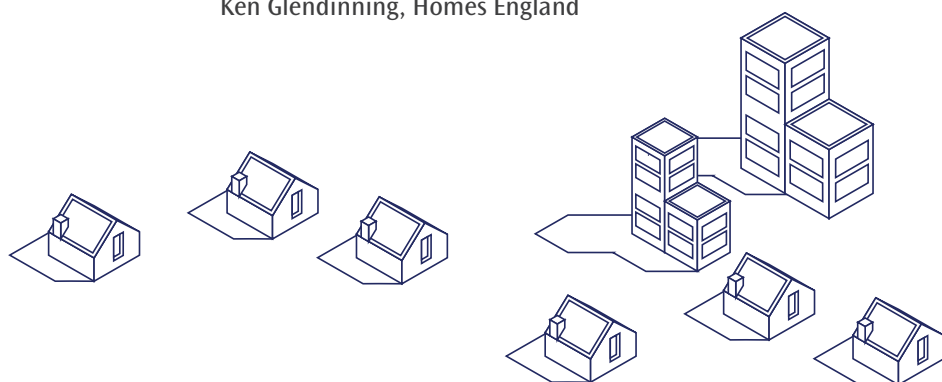
Larger scale projects naturally tend to be long term initiatives taking 5, 10 even 15 years or more to deliver. These will be out of sync with local electoral cycles. Whilst there is instability in the political landscape, having a long-term vision creates a common direction resilient to changes in personnel and political perspective. This can provide certainty to deliver the homes we need.

“Putting together these regionally significant projects is like playing chess. It requires commitment to considered and patient work. There is an awful lot of good that is done by the public sector in focussing on the long game”

Tim Davies, West Midlands Combined Authority

“The best way to achieve the government's ambition is for the right sites to come forward in the right locations so we deliver the homes where they are needed. If there is a particular barrier to this at a location identified in this way, then the mandate of Homes England is to support the parties in overcoming those challenges”

Ken Glendinning, Homes England



Collaboration

There is agreement that both diversity in market participation and collaboration between participants is needed in order to fulfil the target set by the government. This is not just an issue for the private or public sector to address in isolation. It will require more joint ventures between the private and public sectors to share skills and knowledge in housing delivery and work together to tackle the housing crisis.

As part of Homes England’s evolving role, the agency is now more active in the housing market, intervening to accelerate delivery and create new commercial partnerships within the sector. New opportunities for collaboration are being created and encouraged with potential partnerships between traditional housebuilders or land promoters and new participants.

The desire of strategic thinking local authorities is to create places which are both sustainable and desirable. New approaches, including affordable housing providers taking a lead promoting sites, are becoming more normal.

To support these authorities, a variety of collaborative approaches are being deployed, including direct acquisition and/or promotion, joint ventures, funding solutions and co-ordination with other governmental departments to bring public sector land bank into residential use.

“Looking at long term historic averages and typical housing market trends, the target of 300,000 new homes a year is only realistic if the public sector can make a seriously significant contribution to that figure, rather than relying just on the “market” to deliver.”

Andrew Tildesley, Linden Homes

“We have a very strong place based design agenda and we want to be working with partners who are serious and convinced that they can deliver that ambition.”

Ken Glendinning, Homes England



Skills, resources and positive attitude

It is vital the sector deploys the right skills and resources in the right places in order to get development sites off the ground. Is the resource available for the industry, including planners, engineers, technical expertise to deliver the required supply on a long term and sustainable basis? This is not just an issue for the development phase of site delivery, but also, or perhaps particularly an issue with converting potential development sites into consented sites.

It is evident that planning departments are under immense pressure due to budget constraints. The Cities Outlook 2019 by Centre for Cities highlights that planning functions are particularly vulnerable to cuts (or being overlooked for much needed investment) as they are not within a protected species of services that local authorities are bound to deliver due to statutory obligations. This leads to lack of capacity, missed deadlines and unnecessary appeals delaying potential consents and driving up the cost of obtaining consents to those seeking to develop (whether private or public sector developers).

Another particular challenge in the industry is a potential cultural disconnect between the private and public sectors, which becomes more apparent with the growing collaboration between the two. This fusion, however, could ultimately be positive going forward as a potentially adversarial environment becomes more cooperative thanks to repeated collaboration.

One recommendation is formal training of sector professionals which offers students exposure to both public and private sector elements of the industry. This would equip students with opportunities to further develop their practical skills and cultural sensitivity so as to avoid individuals adopting stereotypically partisan “public sector” verses “developer” mind-sets. As an example Homes England is driving its graduate programme to bring in more skills and offer training. By doing so they are changing perceptions about the role of the public sector.

Training at an earlier stage to overcome barriers and attitudes between the private and public sector will start to develop a greater culture of collaboration and consequently help with housing delivery.

“We’ve had a number of positive experiences working alongside Homes England on challenging sites, where Homes England were able to provide professional support to resource strained planning authorities.”

Robert Hepwood, CWC Group

“A problem for delivery of ambitious development targets is a culture that development is generally negative and that developers should be viewed with suspicion. This means that we are going against the grain when seeking planning consents. There needs to be a starting point in education for those joining our sector that development is positive, delivering social benefits that society desperately needs.”

Kate Tait, Persimmon Homes

Scale and market absorption

The scale of sites and concern about market absorption can become a factor in slowing down the delivery of strategic land projects. The larger sites tend to attract the most attention, however, in order to deliver the government's target of building 300,000 new homes each year, we need to retain a focus on smaller projects, including those that can be delivered by smaller developers.

The government's focus on large scale sites is understandable, as delivery of a large scale project of this nature significantly contributes to a local authority's housing requirement. There are apparent efficiencies with this strategy. However, an interesting conclusion from a discussion on large scale strategic development was that smaller sites of, say 200 units, can be more viable than a single site for thousands of units. Typically large-scale developments require far more time to plan, significant upfront capital investment and will take far longer to gain permission. On balance it can be more "efficient" to deliver 1,000 homes via five distinct 200 unit schemes rather than attempt to deliver a single 1,000 unit project. Ultimately there can't be an either/or approach, and the sector needs to work to deliver a range of projects rather than veer too far one way or the other.

There should be far more recognition and appreciation that smaller sites are equally significant. In 1987, small and medium-sized housebuilders accounted for 71% of housing starts. By 2017, that proportion had shrunk to just 37%. The number of housebuilders classified as small and medium-sized enterprises fell from a high of 12,490 in 1988 to 1,839. The financial crisis generally wiped out this significant layer of the housebuilding sector. Recovery of the sector generally has not been reflected in the replacement of this layer with a new generation of small to medium sized developers. The Home Builders Federation estimates that even a return to the same number of housebuilders that existed before the financial crisis could boost national supply by 25,000 homes a year.

“Big sites are the ones that we all notice and which get the headlines but there is a serious lack of market participants who can build them out. If we are going to get to a position of 300,000 new homes per year then the reality is that a more granular approach may well be necessary.”

Paul Campbell, Richborough Estates

“We can have a unique role working as a facilitator to get redundant or underused land owned by public sector organisations developed. This is an exciting area for us to address acute housing need.”

Ken Glendinning, Homes England

Incentivising housing delivery

Housing delivery is clearly one of the most important topics on the political agenda. The Letwin Review has identified the distinct gap in housing completions and the amount of land allocated for large-scale development. If we are to come close to building the 300,000 homes a year that the government believes we need, both long-term strategic land plans and local authorities have a significant role to play.

The government's current annual target for new housing does not take into account an accumulated shortfall over the years making 400,000-500,000 per year the requirement to meet current needs. If this is to be remotely realistic, ambitious local development plans are needed. This includes increasing site allocations, pushing through sites in draft local plans and ensuring there is a sufficient five year land supply. However, there is significant contention surrounding large-scale promotion and development. This can be exacerbated by the political cycle which can interrupt the long term nature of the strategic plan process. As a result, there is a lack of accountability for failing to deliver on promised targets and the negative impact this has on housing provision. So how can we incentivise the delivery of housing?

There are considerable financial benefits for the local authorities in releasing land for development. Not only do they want to supply houses for members of their communities (and rates payers) but also to enhance regional infrastructure in the broadest sense stimulating economic growth and regeneration. There is also a growing interest in income generation from public sector estates. For this reason local authorities are now retaining strategic sites that previously may have been sold. Such sites are key to driving regeneration and creating the long-term income streams as well as meeting affordable housing needs that local councils are now prioritising above immediate capital returns from land sales.

Homes England has a pivotal role serving as a catalyst to housing delivery, and the public estate is also very important in this. Their role can range from providing expertise to facilitating construction with new technologies.

“In my work with local authorities I’ve seen a major shift in focus toward the delivery of housing to as part of broader strategic regional economic growth priorities, including the industrial strategy. It is not as simplistic as filling in every spare field with homes.”

Chris Plumley, Trowers & Hamlins

“I don’t hear many people grumbling about new housing schemes in the pub or at the school gates. Most people accept that development is needed. But there can be a vociferous minority, usually driven by personal concerns about the value of their own properties. So courage and leadership is needed by politicians and chances are that this won’t cost their seats after all!”

Paul Campbell, Richborough Estates

“Investment is needed early in order to unlock these schemes from a planning and infrastructure perspective. There is an opportunity there for those with patient capital to take this risk and earn rewards, whilst helping build new communities – which may appeal to public sector institutions and funds alike.”

Julian Keith, Trowers & Hamlins



All rights reserved to Trowers & Hamlins LLP. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

Trowers & Hamlins LLP is a limited liability partnership registered in England and Wales with registered number OC337852 whose registered office is at 3 Bunhill Row, London EC1Y 8YZ. Trowers & Hamlins LLP is authorised and regulated by the Solicitors Regulation Authority. The word "partner" is used to refer to a member of Trowers & Hamlins LLP or an employee or consultant with equivalent standing and qualifications or an individual with equivalent status in one of Trowers & Hamlins LLP's affiliated undertakings. A list of the members of Trowers & Hamlins LLP together with those non-members who are designated as partners is open to inspection at the registered office.

Trowers & Hamlins LLP has taken all reasonable precautions to ensure that information contained in this document is accurate but stresses that the content is not intended to be legally comprehensive. Trowers & Hamlins LLP recommends that no action be taken on matters covered in this document without taking full legal advice. © Trowers & Hamlins 2019