

PARTNERSHIPS ARE THE KEY TO UNLOCKING HOUSING

The King's Speech set the tone for the Labour Government's plans to reach its manifesto commitment to build 1.5 million more homes, a target welcomed by the industry given that demand for new housing continues to outstrip the available supply by an order of magnitude.

The speech drove home the scale of the housing shortage we face as a country and reiterated many of the commitments made in Labour's manifesto: a revival of mandatory homebuilding targets, identifying 'grey belt' land, stepping in when Local Authorities resist building on it and employing more planning officers to accelerate the permissions process.

An important reform is the proposal to change compulsory purchase compensation rules to ensure that payments to landowners are "fair but not excessive" where important social and physical infrastructure and affordable housing are being delivered.

In practice, this will mean public bodies such as Homes England, local development corporations or councils will be able to use Compulsory Purchase Orders (CPOs) without paying 'hope value' to acquire land. In contrast to the measures introduced by the Levelling-up and Regeneration Act 2023 (LURA), these decisions can be made without authorisation from a cabinet minister.

These efforts to reduce barriers to building new homes have been welcomed by the housing sector, which is no surprise when estimates suggest the UK needs to deliver between 300,000 and 340,000 new homes per year to meet the needs of its citizens.

But with 234,400 homes supplied in 2022/23 and no additional funding announced as part of Labour's plans,

the National Housing Federation (NHF) – which represents 600 housing associations – and the Local Government Association (LGA) have called for emergency funding to be added to the government's current £11.5bn affordable homes programme.

With multiple demands on the public purse and the Chancellor committed to not raising public sector debt, we believe the need to create working partnerships in the public and private sectors has never been more necessary to deliver the housing our country so desperately needs.

PARTNERSHIPS MAKE PROJECTS VIABLE

As a multi-disciplinary consultant with nearly 50 years of experience supporting the delivery of all forms of housing, we at Baily Garner have seen firsthand the impact of mounting cost pressures, with housing associations across the country cancelling or delaying their projects due to affordability concerns.

What we've also seen, however, is the value that collaboration can bring through improving the viability of housebuilding schemes and maximising the number of affordable homes that can be delivered on each site.

Joint ventures, typically between housing associations, local authorities, developers or a combination of all three, can make new-build schemes more viable by sharing expertise, spreading the financial burden and reducing the upfront cost of development in favour of returns over the long term.

Without a boost in public funding, the role of private capital in providing affordable housing will become even more important, and Baily Garner is at

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the forefront of matching private capital with our clients and creating compelling partnerships that deliver for all parties. Social housing is an attractive sector for investors, as they can receive consistent returns and excellent schemes meet the requirements for Environmental, Social and Governance (ESG) requirements of investors.

In order to make prospective developments an attractive opportunity for private investors, however, any risk to the construction programme in terms of time, cost and quality must be addressed early – which is where having an experienced and knowledgeable consultant on board can pay dividends.

HOW BAILY GARNER CAN HELP DE-RISK DEVELOPMENTS

Perhaps the biggest risk to prospective developments right now is delay and cancellation due to affordability, which is where we'd urge providers to seek out partners that align with their interests.

In our many years providing advice to the housing sector we've developed touchpoints and grown relationships with local authorities, housing associations, developers and private investors, and can enable the partnerships necessary to keep the industry building much-needed affordable homes.

We're currently working with housebuilder Chartway Partnerships Group and housing association Moat Homes on the Frogal Place development in Teynham, Kent, to deliver 300 homes, with 50 for affordable rent and 50 for shared ownership.

Even before Labour's landslide victory we have been pioneering working with private capital to facilitate discussions with housing providers and are currently

in discussions with an overseas investor to reach an agreement that will move an important homebuilding project in London forward.

The government's commitment to increase social housing stock through identifying 'grey belt' land for new properties will provide more impetus for private investment, with estimates suggesting it could accommodate between 100,000 and 200,000 homes. But those looking to develop this land will need to bring on board the right expertise to assess the risks associated with it and manage the enabling works necessary to make it viable.

Baily Garner are familiar with all types of disused brownfield sites and have experience managing the risks associated with them, from asbestos in the ground to the need to relocate existing substations to provide power to new buildings. A particularly challenging example is the £80m mixed tenure residential redevelopment of King's Square in Islington, in which we discovered human bones, lead contamination and asbestos in the ground.

The contractor's plan to excavate the entire site would have resulted in severe delays and a dramatic increase to the cost of delivering the project, but through working alongside ground engineers and contamination waste specialists we came up with a phased disposal approach for a fraction of the cost that allowed work to continue.

BIODIVERSITY NET GAIN REQUIREMENTS

Another important consideration for homebuilders is that all developments must have a Biodiversity Net Gain (BNG) plan to add at least a 10% improvement to the biodiversity value of any site.

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With BNG specialists among our architectural consultants, Baily Garner have first-hand experience of this requirement making schemes financially unviable. On a residential project in Warwickshire we're involved in, meeting the BNG requirement has potentially added £2m to the total cost of the build and threatened its viability. To mitigate this, we advised that several ecologists and botanists conduct specialist surveys to establish the distinctive habitats on site, after which they will advise on how we can protect them, enhance the overall biodiversity of the site and maximise the development opportunity.

It remains to be seen whether the government's new planning proposals will result in more land acquired through CPOs with the omission of hope value, easing some of the financial burden and making BNG requirements more palatable.

It may be that to encourage Labour's homebuilding revolution, the requirements themselves will have to be diluted for grey belt land. But with no changes announced, bringing on board consultants that have established relationships with specialists early will be key to evaluating the cost of BNG and creating a workable plan to ensure sites are viable prior to purchase.

THERE'S NO PANACEA TO SOLVE THE HOUSING CRISIS

The government's targets are ambitious; that much is clear from the promise of 50% more homes than were delivered by the previous conservative administration. Labour's drive to get the country building will ultimately need to be coupled with greater private investment to avoid falling short, and proving we have what it takes as an industry to deliver the homes our country needs, through greater

collaboration, will be vital to attracting that funding.

As trusted partners, consultants will need to play an enabling role in bringing parties with complementary ambitions together, harnessing our expertise to navigate the complex landscape of project viability risks. Baily Garner stands ready to make that happen.



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