

**Callcutt Review
Submission from English Partnerships
May 2007**

Terms of Reference :-

The purpose of the review is to examine how the supply of new homes is influenced by the nature and structure of the housebuilding industry, the business models and its supply chain, including land, materials and skills;

To consider how these factors influence the delivery of new homes to achieve the Government's target (200,000 new homes per annum), meeting housebuyer's requirements and aspirations, achieving high standards of energy efficiency and sustainability as set out in the Code for Sustainable Homes, and progressing to a zero carbon standard; and

To make recommendations.

Call for evidence :-

English Partnerships will not make a formal submission, nor express EP's views, due to the ongoing work in developing the role of Communities England. The Review focuses on the performance of the housebuilding industry. We believe that housebuilding is not nor should be the primary driving force behind making sustainable places. Neither is housebuilding the best starting point for addressing housing supply given that 38% of supply comes from mixed use developments, increasingly not done by volume housebuilders. A more sophisticated approach from government and the private sector is needed which brings together social, physical and economic elements, in which housing plays a role but not the dominant one.

1. What published / private sources of information are used by housebuilders & others to determine current and future demand for housing, in terms of volume, type, price & location, & over the near, medium and longer term?

Our main point here is that better use could be made of public strategies and their need assessments. We believe that PPS3 will help bring together housebuilders and local authorities/regional assemblies.

English Partnerships welcomed the introduction of Strategic Housing Market Assessments under PPS3, which brings together housing needs and housing market assessments. Examples of best practice include :-

- Milton Keynes Housing Needs Study

Most Housing Needs and Housing Market Assessments are prepared by consultants procured by local authorities. Given that housing market areas are usually characterised by the presence of an array

public and private agencies with a housing interest, housing strategies would benefit from a closer involvement with these stakeholders.

An example of this approach is the joint working between English Partnerships and Milton Keynes Council that produced a Housing Need Study. The Study combined a Housing Needs Survey and a Housing Market Assessment and was tendered jointly by Milton Keynes Council and English Partnerships. Given EP's involvement in the Milton Keynes area, EP has also made a contribution towards the cost of the study. The Housing Needs Study incorporates the latest best practice guidance including an annual rolling-programme of personal household interviews carried out over 4 years to ensure that the Council always has up to date data on housing needs.

- Barking Housing Study

EP and the London Borough of Barking and Dagenham jointly commissioned a Housing Study as part of the district wide planning and development process to formalise the basis on which decisions on the mix and tenure of housing for the area were to be made. This covered several substantial residential development sites within the borough (including Barking Riverside – 10,800 new homes, and London Riverside – 5,000 new homes) and areas within the Town Centre.

With the structural shift in the East London economy over the next 10-15 years there was a need to analyse potential social, economic and infrastructure trends and provide a coherent, dynamic and quantifiable forecast of the likely housing demand within the borough. The study paid attention to wider social infrastructure and economic patterns of change in determining housing demand and need. In particular, the planning of housing need should show a greater link to employment, specifically travel to work patterns and site transport infrastructure. Key components of the study included long-range economic, employment, travel to work and population forecasting / modelling.

Further examples of good practice are available from EP's projects in Telford and Northampton.

The report 'Who buys new market homes in London', produced by London Development Research Ltd for the Greater London Authority in December 2006, provides an insight into the inter-relationship of the investment market with residential development. Approximately 66% of the new build homes in London in 2006 were purchased by investors (mainly private individuals). Although this level of buy-to-let or buy-to-sell restricts choice and availability for owner occupiers, it greatly assists developer cashflow, meaning that many of the more marginal schemes (faced with high development risks or restrictive funding requirements) are developed. The report includes an appendix (5: The size of homes developed in London, summer 2006) which sets out the mix of homes under construction. Does demographic data support the mix being produced – 33% 1-bed, 58% 2-bed and 9% 3-bed units? It is also evident that the mix is particularly restricted in many outer London boroughs, with 3% or less of 3-bed units

being developed in Barking & Dagenham, Barnet, Harrow, Hillingdon, Hounslow, Kingston-upon-Thames, Lewisham, Tower Hamlets and Waltham Forest. Only three boroughs are set to produce over 30% 3-bed units, all centrally located – Hammersmith & Fulham, Kensington & Chelsea and Westminster.

Some of our development partners say that house price data from organisations such as Hometrack are of greater use than official data, due to the time lag in publication of the ONS data.

- Housing Market Renewal Pathfinders

The Housing Market renewal Pathfinders were established to tackle areas of low demand housing and housing abandonment, aiming to turn round areas where the market had failed. Nine areas were identified by the Government – Birmingham / Sandwell, East Lancashire, Humberside, Manchester / Salford, Merseyside, Newcastle / Gateshead, North Staffordshire, Oldham / Rochdale and South Yorkshire.

The Pathfinders have developed their own quite sophisticated models for identifying future demand taking account of economic and demographic projections. Indeed this attempt to meet not just current demand (or housing need) but to utilise land assets and cash to 'bend' normal market trends within an area/city/neighbourhood is a prerequisite of all Pathfinders and this approach is subject to scrutiny by the Audit Commission as part of their critical friend role, in supporting Pathfinders development of their prospectuses, evidence base and bids for resources from CLG.

Left to its own devices the market would either not be active in an area at all or would provide houses that failed to address the failure of these areas. In most Pathfinder areas the objective is not just to improve the supply of housing but to improve the supply of high quality houses of particular types and ranges to a higher quality than what is there at present.

The intention of the Housing Market Renewal Pathfinders is to reintroduce owner-occupying economically-active families within failing areas through offering a product not available at present – high quality housing for sale. Part of this strategy involves providing houses of this type to encourage existing families to stay in communities and not leave as their financial circumstances improve. In addition there is likely to be a reduction in the number of (poor quality) houses for (social) rent, being replaced with new and modernised houses to rent. To facilitate this change in the character of the housing stock, some poor existing high density (terraced) houses (which are unlikely to provide this good quality family housing) is being demolished to create sites for family houses. One of the potential side effects is that there may be an overall reduction in the number of houses in some areas (at least in the short term), but that this leads to a reduction of empty or abandoned houses and an increase in demand for accommodation within this area.

2. Does the prevailing business model of the housebuilding industry constrain how it responds to demand? Is that model evolving or likely to evolve to meet changing patterns of demand? What would encourage a shift towards greater responsiveness?

The fundamental basis of EP's involvement with projects is to ensure that EP adds value and does not crowd out the activities of the private sector. EP will seek to deliver a different outcome to that which the private sector would deliver on its own – delivering on Government policy and objectives. This is reflected in the nature and scale of many of our projects, often seeking large scale mixed use developments combined with the demanding Quality Price Standards, and has led EP to purposefully seek interest from both local and international developers.

The Review also needs to focus on competitiveness within the housebuilding industry. It is not EP's role to comment on takeovers and consolidation within the sector but, through our procurement, we can promote new entrants from overseas competition, the wider construction industry and Registered Social Landlords acting as lead developers. For example, the involvement of Weberhaus from Germany in the winning William Verry consortium site in the Design for Manufacture Competition is encouraging and will be delivering the Weberhaus system on two of the DfM sites.

The mixed use nature of many projects deters many of the volume housebuilders from seeking involvement in EP developments. EP has built successful relationships with property developers in delivering strategic area-based mixed use schemes, for example with Grosvenor in the regeneration of Crawley town centre, ING Real Estate and Stanhope in Stevenage and Development Securities (with Berkeley Homes) in Slough.

The limited range of companies with the appetite and capacity to deliver on the large scale strategic schemes has EP (and Communities England in future) to review how such developments are procured in future.

Elsewhere EP has encouraged an increasing role for Registered Social Landlords (RSLs) as lead developer, for example in Milton Keynes where Guinness Trust were selected as lead developer on the Broughton D site, in partnership with Bellway Homes.

Alternative models used by EP are noted under the response to question 3.

3. What are the alternatives to the prevailing business model? What are the constraints on the development of those alternative models, and what advantages might accrue from the development of those models?

EP and the Housing Corporation have developed a number of new models for attracting private investment into housing:-

- London Wide Initiative

The London Wide Initiative (LWI) is an English Partnerships initiative developed in collaboration with the Housing Corporation, the Greater London Authority (GLA) and the London Development Agency to facilitate the delivery of affordable housing for key workers. There is a need to achieve a step change in the supply of affordable housing for key workers, particularly in the Greater London area to meet the needs of major public sector employers and contractors in the retention and recruitment of key workers in London. The actual delivery of affordable housing in London has been in the order of 3,500 – 4,000 units per annum, a significant gap to the GLA estimate of affordable housing need of 25,700 units per annum, or even their strategic target of 10,000 units per annum. The LWI is a response to the Government's objectives outlined in the Sustainable Communities Plan and the GLA's target for key worker housing provision in the capital.

The main objective is to create a vehicle for the prompt and reliable delivery of a substantial supply of affordable housing. This vehicle will also have a long-term impact on the supply of affordable housing, by helping to create a market for it. By adopting the initiative across a range of sites giving the programme both momentum and economies of scale (and not to address each site separately) the LWI will:-

- Substantially increase the supply of affordable housing in Greater London for key workers;
- Pull-through existing innovation from the commercial construction industry and some specialist elements of the housing market, in order to achieve cost savings through volume procurement, Modern Methods of Construction (materials, techniques and labour), management and maintenance processes and in reduced life cycle costs and service charges; Achieve efficiencies in cost and time through a portfolio approach;
- Improve the sustainability, quality and design of affordable housing being delivered, especially by meeting high standards for energy efficiency, design and accessibility;
- Test the feasibility of creating a long-term investment vehicle capable of attracting private and institutional investors, allowing the public sector to release capital to sustain future investment in sites and housing development;

Three private sector development and management partners were appointed in February 2005 – First Base Partnership, Key London Alliance and a consortium led by Countryside Properties. Work has commenced on the first three sites.

- Barking Riverside

Barking Riverside provides an example of a true public-private joint venture where both risk and reward are shared.

The Barking Riverside site comprises 200 ha of mainly derelict land with 2 km of river frontage and has long been identified as a location

for major housing-led regeneration. EP's involvement spans two separate periods. The first, back in 1995 concluded a gap funding agreement with Bellway, with investment through SRB of £ 14.7m to construct the first phase of 473 houses back in 1999. As part of that a joint venture was formed between the London Borough of Barking & Dagenham and Bellway Homes to bring forward comprehensive redevelopment as joint landowners. Development has been confined to land to the north of the site, accessed by the existing infrastructure, producing a total of 886 dwellings to date. The scale of investment needed in infrastructure to support further planned development of the 6,000 dwellings to a low density masterplan resulted in a gap of circa £45m and made no allowance for relating the site to its surrounding area. Neither partner possessed the resources to carry the plans forward in a reasonable timescale. The LDA and GLA both identified difficulties with the Bellway / LBBB plans, noting that the housing numbers fell considerably below the recommendations (12,000 homes) of the draft Spatial Development Strategy (London Plan).

EP's second and most recent involvement in the project dates back to the revised remit for English Partnerships, announced by the DPM in July 2002, giving priority to brownfield regeneration and increasing the supply of housing land in RPG9 areas. The LDA, Mayor of London and ODPM asked EP to consider intervention in the project. EP's innovative approach to removing the barriers to development was to explore a shared approach to risk and reward in combination with a more acceptable scheme. Following due diligence exercises on the project finances and existing masterplan, an evaluation report was submitted to ODPM in December 2002 proposing an increased density scheme of 10,700 units combined with possible approaches to minimising public sector investment. This resulted in a revised development agreement and new masterplan, better reflecting the objectives of all parties. With a higher density scheme, Bellway (in common with most housebuilders) felt that the potential exposure of work-in-progress in excess of £70m at the highest point was simply too great in a single project and therefore would only invest on a piecemeal basis. This clashed with the urban vision that was needed to secure the necessary public transport infrastructure (major highway improvements, light rail and bus transit links), supported by the Urban Task Force report recommendations on higher density urban living.

In February 2003, publication of the Sustainable Communities Plan gave further support to EP's role on the project, earmarking £446m for projects in the Thames Gateway over the next 3 years and noting the contribution that Barking Reach could make to achieving the additional housing supply of 120,000 homes.

Following analysis of the several delivery mechanisms it was decided that an equity joint venture company offered the best solution for all parties, sharing both risk and reward. Barking Riverside Ltd was formed in March 2004, with each party bringing their skills to the project

– one of the UK’s largest housebuilders and the Government’s national regeneration agency. The company is 51% Bellway, 49% EP and acquired all the former Bellway and LBBID landholdings. The JV Co obtained outline consent from the local authority in November 2006 and will commence infrastructure works and prepare development phases for disposal (construction of the homes is due to commence by 2008). A maximum of 50% of the development phases will be made available to Bellway, with the remainder being offered to third party developers. The JV provides an element of value capture for the local authority, securing their continuing interest, and the platform from which to deliver against the Sustainable Communities agenda, providing a mixed community to higher design and environmental standards over a much shorter timeframe.

EP’s investment has targeted the reduction of developer exposure through tackling the barriers to development on a wider agenda, co-operating with TfL and the LDA on the crucial transport assessment and improvement studies covering both Barking Reach and South Dagenham, where a further 5,000 homes are planned by the LDA. Both projects rely on the proposed East London Transit and improvements to the A13. EP is also co-funding, with the LDA and others, studies into linkages with Barking town centre, London Riverside (Barking & Havering) retail study and market capacity studies.

- First Time Buyers Initiative

FTBI is part of CLG’s New Build HomeBuy low cost home ownership initiative and is positioned to target key workers and other eligible groups that have sufficient income to sustain homeownership but are currently prevented from entering the housing market by the prevailing supply/demand conditions.

FTBI is a shared equity product offering first time buyers an affordable share (minimum 50 per cent) in a new home with EP retaining the unsold equity. Buyers will pay a charge to EP based on a percentage of the equity retained by EP after three years. The purchasers will be encouraged to buy more equity in order to move to full ownership.

EP’s key principles are that FTBI homes will: -

- Provide a “stepping stone” into full home ownership;
- Help to create mixed communities;
- Be built to high standards;
- Maximise the use of surplus public sector and previously developed land;
- Add to the supply of affordable homes; and
- Provide additional affordable homes in areas of housing need across England.

There are three sources of supply for FTBI homes: -

- Portfolio leverage on public sector land in EP ownership

- Development on other surplus public sector land not in EP ownership in partnership with public agency partners
- Re-profiling existing private sector schemes

Subject to resources, the aim is for up to 15,000 homes to be provided by 2010

- Blueprint

Blueprint is a property regeneration partnership established in 2005 to deliver new solutions for physical regeneration in the East Midlands. English Partnerships and the East Midlands Development Agency have pooled property assets (a mix of regeneration sites and investment properties) along with private sector investment into a joint venture, which acts as a property development and management vehicle in the region. Blueprint was launched in 2005 with Morley Fund Management's Igloo Regeneration as the private sector partner in a 50:50 public private joint venture. The purpose of the fund is to make existing and future regeneration assets sweat to produce a future stream of funding for continued regeneration activity.

Blueprint's development activity is aligned to the core objectives of both EP and EMDA, to meet the key challenge of attracting new money and development activity into the region's principal urban areas, focusing on urban cold spots where development rarely takes place without public sector intervention. The structure of blueprint confers advantage by bringing together significant resources and high level skills from influential private and public sector organisations. The financial structure permits a long term view, with performance judged according to likely outcomes over the 10 year life of the vehicle. Current projects include Derby town centre, with a mixed-use 1.7 acre site including residential, commercial and retail uses.

Blueprint is an early example of a Local Asset Based Vehicle, where locally-owned public sector assets are matched by private sector equity and debt in funds which undertake development for the purposes of economic growth or regeneration, and provide a return for the investing parties.

- Community Land Trusts

Community Land Trusts are a new concept in community land ownership – perceived as a way for public land assets to be endowed to a community to enable that community to benefit from rising land values and empower them to manage and control land and property assets. In particular, such trusts help communities to provide 'intermediate market' or affordable housing. There are a wide range of variations of the model in existence, all requiring substantial public subsidy, either through endowment, free land, grant or a combination of all three.

English Partnerships is supporting a Community Land Trust pilot at Cashes Green, Gloucester on a former hospital site. It is proposed that

this will operate a Mutual Home Ownership model, providing intermediate housing into perpetuity. The project will establish the potential of the CLT model to act as a mechanism for delivering intermediate housing on a larger scale.

- Registered Social Landlords as lead developer

The Housing Partnership, a joint venture between English Partnerships and the Housing Corporation, selected the RSL the Guinness Trust to act as lead developer on the Broughton D site in Milton Keynes in 2004. This exemplar scheme underlined the important role that RSLs can play in masterplanning and leading developments, combined with the strength of their long-term engagement with communities through ongoing involvement not only in the management of affordable homes, but also in wider management of the public realm and common parts. In partnership with Bellway Homes, the Guinness Trust has developed 230 homes of which 30% are affordable and 70% for open market sale. The Guinness Trust scheme was selected for the quality of its design and management proposals, strength of the financial model and ability to meet housing needs in an integrated way. The homes achieve EcoHomes 'Excellent' and NHER '10' ratings, and 65% were built using MMC. The site was acquired at market value, but also offered best value in terms of Social Housing Grant, paid at a minimal level of around £9,000 per unit.

English Partnerships has also worked with Places for People, another RSL increasingly active in a development role, taking the lead in mixed tenure schemes. Places for People also successfully bid for an EP site in Milton Keynes. In Northampton, Metropolitan Housing Association won the competition against private developers for site D at Upton, the sustainable urban extension to Northampton.

In Cambridge, English Partnerships have combined with the Housing Corporation and local authorities to launch the Cambridge Challenge, which is currently seeking to select a strategic development partner to deliver affordable housing on three strategic sites around the city – Northstowe, the Southern Fringe and North West Cambridge. The Challenge is seeking innovative proposals and evidence of capacity to deliver high quality, cost effective and sustainable new communities. In exchange for an assurance that the organisation will have 'sole partner' status for sites, which will not be put out to competitive bid, the partner will commit to high development standards, procurement gains, delivery volumes, value for grant and contributing to the community infrastructure. This approach will also build development capacity in the RSL sector.

- Lightmoor Village, Telford

Bourneville Village Trust is English Partnerships' partner in the development of the mixed use sustainable community in Telford. The Trust wanted to build on their experiences at Bourneville, the urban community created by George Cadbury, and develop a new urban

village. This aims to rejuvenate the sense of community by paying more attention to development on a human scale, mixed use development, design quality and social and economic sustainability. Work started on the first homes in 2005, with land parcels being released to the market to be developed in accordance with the Village masterplan. The first two phases are being developed by Persimmon Homes and George Wimpey. The village provide up to 800 new homes of different types and tenures, of which at least 25% will be affordable. The affordable housing is all acquired by the Bourneville Village Trust, whether for rent or shared equity, without any grant. The village will be built around a green and incorporates a range of facilities including shops, a family pub / restaurant, a primary school and a lifelong learning centre. The community centre will provide indoor recreation facilities, healthcare, multi-faith worship and community management offices. The long term stewardship of the village will be secured by Bourneville Village Trust.

- Design for Manufacture Competition

The design for Manufacture (DfM) Competition, launched in April 2005, set the challenge to the housebuilding industry to build high quality, well-designed, sustainable homes for a construction cost of £60,000. The competition promoted research and development in new products and processes, acting as a catalyst for change in direction in housebuilding in the way housing is designed, provided and delivered resulting in the delivery of over 1,000 new homes. Objectives included embedding change into the supply chain to deliver continuous improvement and to deliver through partnering arrangements.

The competition sought to break down the barriers within the development process by asking developers, consultants and materials suppliers to come together to maximise each others potential. Most of the successful bidders did something different with someone new. Some housebuilders teamed up with housing associations and others created close links with suppliers. There were also some new names entering the competition from the wider construction sector and abroad. Specialist advisors were employed, including some from the automotive industry specialising in waste reduction. The bidding consortia had to provide details of their integrated teams, covering the whole supply chain, and propose how they would measure effectiveness of the new working arrangements and the extent of benefits provided.

The competition will also result in a new toolkit for local authorities and other public sector landowners –‘How to Win at Housebuilding’ – promoting the principles of the DfM competition for wider use. This step-by-step guide, due to be published in the near future, will set out how to get the best from the housebuilding industry:-

- how to find and prepare suitable sites that developers will respond to,

- creating density and good plot use without resorting to high rise flats and micro-apartments,
- judging housing proposals by their internal efficiency, accessibility and adaptability, not just external design features,
- getting the right land value, so that design and quality standards are brought into good commercial practice and not totally subsidised by the public landowners,
- creating mixed tenure through integration of affordable and low cost housing,
- how to assess '60K' houses to ensure efficiency has been gained,
- how to encourage integrated design and development teams from developers,
- running competitions for sites and partners – briefing and selection criteria and using OJEU rules.

Development opportunities will increasingly focus on the regeneration or renewal of existing estates. Three examples where English Partnerships has experience are noted below:-

- Hattersley, Greater Manchester

The opportunity to maximise private investment is not exclusive to areas of economic and housing pressure in the South of England. There is potential to attract private finance into many regeneration programmes, especially housing renewal, as EP learned when invited to look at a stalled stock-transfer project in Hattersley, Tameside in June 2003.

One of Manchester's overspill housing estates, of 3,300 homes, Hattersley overlooks spectacular Peak District countryside and is just a 30-minute train ride from Manchester city centre. Even so, this was not a desirable address, suffering from high unemployment, falling school attainment and a community lacking social mix, with 71% of homes being social rented and 29% private, much of it rented from remote landlords. Not surprisingly, there were 300 vacant homes, indicative of the changing demand for social housing and under-investment.

English Partnerships was approached by the local authority and the RSL seeking to take the stock transfer from Manchester City Council, with a proposal to acquire land in Hattersley. On investigating the proposal, EP appreciated that an opportunity existed for a more strategic intervention and noted that there was circa 25 hectares of public land (27 different sites; comprising former housing and school properties) that had not been factored into the equation. This land could allow for the comprehensive transformation of the estate, with improved infrastructure, better public transport, and an enhanced environment achieved in part by the selective demolition of obsolete housing.

Under a Collaboration Agreement Manchester City Council gifted their development land to Contour Housing Group, Tameside Council agreed to grant fund the RSL with receipts from the disposal of its development sites, and crucially EP agreed to underwrite the land value prior to marketing the development opportunity to the private sector. This arrangement received the approval of the Housing Corporation, whose consent enabled the stock transfer to be achieved in September 2006, with the subsequent and planned investment by Contour Housing Group bringing the social housing up to Decent Homes Standards by 2010.

The development land is being used to create a sustainable community, attracting private development to diversify the housing mix, with around 900 new homes to be built for private sale. This will bring in a new population with higher incomes as well as retaining those who might otherwise have moved away. In addition, a new District Centre comprising supermarket, ancillary retail, community facilities, and provision for a health centre will be built on the land. Before EP's involvement, private funding and land development had not been considered as an option to unlock the housing stock transfer. Significant progress has been made towards realising the masterplan, with English Partnerships securing 13 outline planning consents for residential development, and development agreements completed in March 2007 with BASE (a joint venture between Barratt Homes Ltd and Artisan), and CTP.

- Kidbrooke Vision

The London Borough of Greenwich have been investigating options for the redevelopment of the Ferrier Estate since 1999. The estate was developed in the late 1960s, providing 1,906 homes for social rent in a mix of 2-story houses, deck access maisonettes and 12-storey towers. It has been considered problematic since its transfer to the local authority in the 1980s and is now known for deprivation, vandalism crime and unemployment. The mass concrete aesthetic of the buildings is forbidding and, although built to generous space standards, all of the homes fall below Decent Homes standards. A number of underlying problems, such as the access decks, communal staircases and unattractive public routes, render the estate unsuitable for refurbishment.

English Partnerships has been working with the local authority since 2002 to progress the Kidbrooke Vision masterplan and developer selection and assist in the financial and legal structure of the regeneration. The scheme will deliver the comprehensive redevelopment of the Ferrier Estate with a rearranged public realm of usable, pleasant and safe space. In addition to 1,906 new affordable homes replacing the current provision, the tenure mix of the estate will be transformed through the delivery of approximately 2,500 new homes for open market sale, all in a tenure-blind sustainable mixed community. Redevelopment of the estate also offers the opportunity to

create a new transport interchange, commercial and community services, including healthcare and an educational campus and the establishment of a Community Development Trust to provide long term local stewardship and management. The local authority, with involvement from English Partnerships, selected Berkeley Homes as preferred development partner in 2006.

Detailed investigation of various financial options has resulted in a structure that will deliver good value for money for the public sector investment and offers the possibility of a return via profit share in the long term. The local authority is contributing the land and decant costs and English Partnerships are providing grant funding to support the demolition and primary infrastructure. The Housing Corporation will also be providing grant towards the affordable housing.

- Woodside Regeneration, Telford

The £60m Woodside project will deliver the physical transformation of a 72 ha site including the Woodside Estate in Telford. It will result in a cohesive urban village with new and re-established connections to surrounding communities, a new village centre, improved public realm and re-shaped neighbourhoods. Alongside English Partnerships, the project team includes the borough council, Housing Corporation, RDA and local housing trust.

The Woodside estate was built as social housing in the 1960s and early 1970s to a Radburn layout, with deck-access flats around a series of parking courts. It demonstrated all the urban design failings of similar housing projects including unsupervised alleyways, lack of legibility, too much permeability and poor quality public realm combined with limited and unsuccessful mixed use facilities resulting in an estate with a history of significant social and physical decline.

A strategic regeneration framework was commissioned, informed by considerable community consultation, and involves the comprehensive regeneration of some 2,500 homes through selective demolition, new build and refurbishment. The overall aim of the ten year project is to restructure the localised housing market, provide a more balanced community with a better mix of tenures and to ensure that Woodside becomes a sustainable urban village into the future. English Partnerships investment in the scheme was provided from clawback rights on land sales and right-to-buy properties acquired as a legacy through the Commission for New Towns.

Other models which merit further investigation include:-

- New Earswick tenure model.

The garden village of New Earswick was formed by Joseph Rowntree over 100 years ago. The village was and is an attempt to create a successful, balanced and vibrant community with a mix of rented, part-owned and fully-owned homes. The village is managed by the Joseph Rowntree Housing Trust in partnership with the residents with the aim

of maintaining a balanced community. Since 1997 the Trust has supported a policy of voluntary sales in New Earswick to address an imbalance of household type and create a strong community with a mix of people on different incomes. To maintain the community, all properties that are sold are subject to covenants covering the option for the Trust to buy back properties if offered for resale within 21 years. Money from the sale of Trust properties is recycled towards replacement rental or shared ownership properties.

- St Edward Homes Ltd

St Edward is a joint venture established in July 2006 by Prudential and Berkeley Homes to develop major residential and mixed-use development schemes across the UK. Seen as a logical and powerful combination of the two companies' strengths, St Edward provides PRUPIM with the opportunity to expand its development operations into the highly specialist residential sector, in part exploiting PRUPIM's substantial land portfolio. The Berkeley Group currently has joint ventures with Thames Water (St James Homes) and Saad Investments, and has previously worked with a range of partners including Land Securities, Development Securities and Chelsfield.

4. To what extent is the housebuilding industry exposed to competitive pressures? Are there barriers to competition, including to new entrants? If so, what might be done to reduce or remove these barriers?

There is a need for government to better understand the housebuilding market. One difficulty is the perception that volume housebuilders are the stakeholders in the supply chain. But housing supply is not exclusively dependent on the activities of HBF members. It is increasingly clear that significant numbers of new homes are provided by small, private, mixed use developers on smaller sites. A recent study by Savills say that housebuilders are only responsible for 8% of land and only 34% of housing supply. Of 600 sites of strategies importance, accounting for 1.12m homes over the next decade, 13% (145,818) are under construction and they are predominantly mixed use. In other words, most housebuilding is not taking place on 'housing sites'.

The control of development land acts as a barrier to competition between housebuilders. Many sites are acquired through negotiation and held by developers for many years before they come to market, making it difficult for new entrants to the sector to secure development sites.

The public sector has a good track record (including financial vetting) in seeking development partners and more recently in control over land release.

English Partnerships seeks to ensure that surplus public sector land is used to support wider Government objectives, especially the implementation of the Sustainable Communities Plan. It also acts as the

Government's advisor on brownfield land. In both areas English Partnerships aims to make best use of the nation's scarce supply of land by identifying previously-developed land and increasing its supply for development, particularly in the wider south-east. As a public body, disposals are subject to guidance issued by HM Treasury and business opportunities are usually made via the Official Journal of the European Union (OJEU) or advertised in the appropriate trade journals.

Surplus Public Sector Land

The primary factor driving the Government's current policy focus on surplus public sector land (SPSL) is the increasing demand for housing, particularly affordable and intermediate housing. The Barker Review identified substantial demand and affordability issues affecting the UK housing market. As a result, the Government has increased its housing supply target and is increasingly looking to the public sector to as a source of surplus land, given the existing constraints in current land supply.

As part of the Government's Response to Kate Barker's Review of Housing Supply, the Government announced action by ODPM (now Communities and Local Government) and HM Treasury to:

- provide a more comprehensive picture of SPSL by widening the coverage of the Register of Surplus Public Sector Land and linking it to other information;
- explore with landowners how more of this land might be utilised to increase the supply of new homes, particularly affordable homes; and
- establish a new HM Treasury/ODPM Taskforce with inter-departmental input to examine cost-effective options for releasing more public sector land to facilitate growth.

The SPSL Taskforce has been established and is currently looking to strengthen the link between the supply and the delivery of the Government's housing agenda. It is expected to reinforce the Government's intention that SPSL play a larger role in supporting objectives to deliver well designed, affordable homes. English Partnerships are likely to have a key role to play in working with public sector bodies to identify surplus land and develop a SPSL programme aligned to other existing initiatives and priorities.

English Partnerships' current SPSL programme has three key strands:-

- Administration and development of the Register of Surplus Public Sector Land on behalf of Communities and Local Government and HM Treasury - the Register provides a single reference point for all participating public sector organisations on the available national supply of surplus land.
- Acquiring SPSL sites (individual and portfolio) in order to ensure high quality developments on these sites that meet local demand - an example of the portfolio approach was the agreement to transfer 96 former hospital sites from the Department of Health to English Partnerships. The resulting Hospital Sites Programme has enabled English Partnerships to introduce higher densities and higher

proportions of affordable and intermediate housing on many sites without compromising design and quality.

- Providing advice to, and working in collaboration with, other Government departments and agencies in order to bring forward more SPSL for sustainable development - an example of this is the joint framework agreement signed between EP and Defence Estates in 2004 to enable closer working to meet Defence Estates disposal programme whilst still delivering sustainable communities objectives. EP is also an adviser on Project MoDEL, working with a number of other parties to ensure sustainable communities objectives are considered by Defence Estates as they rationalise their London estate.

Hospital Sites Programme

The Hospital Site Programme (HSP) marked a landmark deal between the Department of Health and the then Office of the Deputy Prime Minister, which saw a large portfolio of former NHS hospital sites transfer to English Partnerships in 2005. The £320m transaction provided for 96 sites across England, with land totalling 1,600ha. The clear intention was that English Partnerships would have a key role in determining the best future use for each of the sites in line with the Government's policy to create sustainable communities and make best use of surplus public-sector land. The HSP is the latest example of government departments working together to fulfil both their departmental needs and the aspirations of the government's wider regeneration agenda for sustainable communities.

A major strength of EP's approach is the way in which they can optimise development opportunities using its existing land portfolio. It is possible to combine some former hospital sites with their existing mainstream programmes, creating better value and more successful developments. They are also able to 'package' sites into portfolios, grouped together to achieve common goals such as demonstrating exemplar design and construction techniques. The Hospital Sites Programme was developed as a response to the failure by the private sector to propose uses for this surplus public sector land that adequately addressed government objectives.

Potential barriers to entry to new entrants can be posed e.g. by regulatory requirements (including the need for new technologies, such as MMC systems, to be assessed) or through the nature of development opportunities that are available on the open market.

- 5. To what extent is the volume and responsiveness of the housebuilding industry constrained by limits in the supply of capital (including land), labour, skills or materials? Is this likely to change as a result of sustainability or other constraints? What steps might be taken to mitigate any effects?**

English Partnerships believes that performance of the housebuilding industry, both private and public, could be improved by better integration

with the supply chain, possibly through the use of consortia brought together to tackle specific projects or portfolios.

Case studies:-

- LWI portfolio approach & supply chains

In seeking to improve the delivery of affordable housing, the London Wide Initiative sought Development and Management Partners (DMPs) who would be responsible not only for the design and construction, but also for the disposal and asset management. The DMPs:-

- Work with EP to secure optimum planning consents
- Provide the design and warranty of all development proposals
- Manage the disposal and potential subsequent disposal of housing units to key workers and the disposal of other tenure types.
- Provide comprehensive asset management (including estate and facilities management) of the key worker units and similar management of other tenures.

The bidders were assessed against the following criteria :-

- Legal
- Design
- Residential product, branding and marketing
- Construction costs and whole life costings
- Sustainable development
- Planning
- Modern methods of construction
- Housing management
- Asset management
- Development capability
- Risk management

The selected DMPs bring together consortia of housebuilders, developers and RSLs, supported by powerful teams of consultants and investment partners delivering a wider range of skills than either the private or public sector on their own. Of particular note is First Base, which has partnered with Stanhope PLC, Lend Lease Europe Ltd, Abros Enterprise Ltd, Bank of Scotland, Boleyn & Forest Housing Society, London & Quadrant Group and Southern Housing Home Ownership in a truly innovative consortium. First Base has created a residential development model that combines commercial construction philosophy and techniques with the provision of innovative financial products to deliver improved quality and value-for-money homes. Performance of the DMPs is monitored through a framework agreement which includes levels of volume discount and monitoring of key performance indicators.

- Design for Manufacture Competition

(see response to question 3).

- SCORE Skills in Regeneration – Score project, Leyton, London

English Partnerships inherited residual responsibilities in this area as part of the CNT exit strategy from Waltham Forest HAT to provide a sustainable community, sports and health centre in an area of deprivation.

The impetus for this project had been driven for many years by community groups, led by Leyton Orient Community Sports Programme and O-Regen who had, over a period of a number of years drawn together partners for the project and identified sites for a new community sports facility. English Partnerships took the role of the developer on behalf of the SCORE charity which became the tenant of the completed facilities and which now owns and manages the venture with local residents and community groups represented on the Board. The freehold of the sites is owned by the local authority whose contribution to the project was the grant of a 60 year lease.

English Partnerships' role was that of lead agency, client and developer and contributed experience and expertise in project management and delivery to a large and complex group of partners. English Partnerships also provided cash flow management, provided bridging funding and banking and took responsibility for cost overruns. English Partnerships also led in safeguarding ERDF funding and leveraging in additional funding from partners including the LDA. This project would have been at risk without the involvement of EP brought in despite the good works of the local community as they lacked the necessary skills and experience.

- Skills in Construction - Challenge Fund II

The Challenge Fund 2 Competition was launched in July 2003 by The Housing Partnership, a joint initiative of English Partnerships and the Housing Corporation. Using ring-fenced money from the Housing Corporation's Approved Development Programme, the initiative invited Registered Social Landlords to submit bids to deliver affordable housing across sites in English Partnerships' ownership. English Partnerships provided "non-strategic" sites in the Greater South East, most of which were small and if developed individually, would have been expensive to bring forward. By parcelling these sites into a larger portfolio, and by using Social Housing Grant from the Housing Corporation, the scheme has been able to achieve better value for money and economies of scale for the selected housing associations. The scheme is an example of where, by pooling the resources of both organisations, more can be achieved for the public purse and delivery accelerated

Genesis Housing Group and Bedfordshire Pilgrims Housing Association (BPHA) were chosen as preferred development partners for the programme and are bringing forward circa 1300 units. BPHA provided funding for six trainee places in partnership with Avebury and Milton Keynes College. The aim was to actively involve young people in the regeneration of their communities whilst learning new skills in

bricklaying and carpentry. The trainees came under two training initiatives; the Foundation and Advanced Modern Apprenticeship Initiative and the Young Apprenticeship Training Initiative. BPHA hope to increase the number of trainees on each scheme to help reduce the lack of skilled labour in the construction industry.

- Changing construction and energy technologies.

The introduction of the Code for Sustainable Homes (see also response to Q.7) presents a huge challenge to the housebuilding industry. There are very few developments in the UK currently that would achieve Level 3 of the Code, and its early introduction on English Partnerships' and Housing Corporation projects is intended to provide a testing ground with the opportunity for everyone (developers, landowners, consultants, suppliers) to learn how to meet the ambitious targets. English Partnerships would like to see co-ordinated investment and applied research, combined with monitoring, evaluation and dissemination to promote best practice and the upskilling of the entire sector to deliver the Code.

There are three main approaches to delivering against the Level 3 Code targets; either by building to very high levels of energy performance (through insulation, air permeability reduced to 3 air changes/hour, cold bridges designed out and incorporating mechanical ventilation and heat recovery), or to incorporate micro-renewables or to provide some form of renewable / low carbon energy system on larger sites.

BRE are promoting the Passive House approach (high levels of energy performance) and have a website providing useful information about the techniques, processes and products needed to achieve passive house standards. Both the BRE and Construction Products Association believe that there is a need for robust details for many more products to be approved by CLG to assist in achieving improved performance. In the UK at present there are very few builders who could achieve the passive house standards, and these will still need to redesign their housetypes. It is unlikely that masonry construction will achieve these levels without very high levels of supervision. The Code requirements are therefore likely to give modern methods of construction an advantage in the medium term.

EP commissioned BRE to look into the ability of the housebuilding industry to deliver dwellings that achieve level 3 and level 5/6 of the draft Code for Sustainable Homes. The report is currently being finalised and will be forwarded as soon as it is available.

Delivering to higher levels of the Code (near-zero and zero carbon) will require new partnerships between housebuilders and the energy sector, including new partnerships in energy supply. There are relatively few proven technologies that can just be simply bolted on. Most of the micro wind generation systems have yet to be accredited

and doubts have been expressed about claimed levels of performance. Work on micro CHP has been delayed by technical failures, but new hydrogen fuel cell based CHP holds out future for the medium term. There is also concern that the proposed DTI certification of renewable technologies will cause time delays and act as a barrier to entry.

Most of the renewables industry is cottage scale and still at the prototype stage but is attracting increasing investment and manufacturing expertise. For example, Worcester Bosch has become market leaders in solar hot water, and Vailant are rapidly developing their capacity. Scottish and Southern are investing in a suite of companies including Solar Century, and there is investment in geothermal energy supply, wind and biomass. Renewable Energy Systems for example (owned by McAlpine) are growing rapidly and have staff of over 350 people and they have been buying into a suite of companies recently. Other companies like EcoCentrogen and Utilicom who provide energy services have also grown rapidly recently. This market is so new that, whilst it is clear there will be rapid transition in response to government policy and regulation in the energy sector, it is difficult to know how quickly the market will grow and which technologies will dominate.

- Design and assessment skills.

There is a real capacity issue with the capacity of design consultants to provide the design skills to meet the Code for Sustainable Homes, especially energy and utility consultants in the UK. This market has been under pressure for some time, but the few companies that specialise in renewable and low carbon systems are struggling more than the rest to get well-qualified staff and all are growing rapidly. To date they have serviced the small bespoke high value building sector but are increasingly working for volume housebuilders and other developers and are finding it very difficult to meet demand. The same is true of the other professions including architects, landscape architects and planners. The building control officers have been struggling to cope with 2002 Part L standards so it is unclear how they are going to manage to oversee either the more stringent 2006 measures or the incremental changes to energy standards as the industry is forced to move to zero carbon emissions, especially since this will involve not only SAP standards but also assessment of electrical appliances etc.

The Code for Sustainable Homes will also entail far more testing than EcoHomes, partly because every housetype will need to be assessed (where housetype is a factor of issues to do with design, construction and position on site - a house that faces north for example will not receive the same assessment as the same housetype facing west etc, an end of terrace house will need a separate assessment from a mid terrace home, top, intermediate and bottom storey flats will all need to be assessed separately). In addition, homes will be assessed at the

design and post construction stages and the assessment will have to be more intrusive, including air pressure tests etc.

In conclusion the industry will have to go through a huge transformation in the design, quality of build, construction of homes and in the technologies adopted. This will affect every aspect of the industry and whilst excellent and necessary policies have been developed there is little evidence that the level of spend necessary to re-skill the industry, develop the supply chain and build capacity is in place.

6. What constitutes good quality in housebuilding? To what extent is the housebuilding industry, as currently structured, well adapted to deliver well designed, good quality homes? What steps might be taken to improve quality?

Over recent years English Partnerships has successfully challenged and encouraged the housebuilding industry to raise both environmental and design quality whilst improving cost effectiveness. Through initiatives such as the Millennium Communities Programme and Design for Manufacture Competition, housebuilders were offered the opportunity to trial designs and technologies.

English Partnerships is committed to creating quality places. To achieve this, we adopted a set of national standards in 2005 to help developers meet our expectations. The standards are a single clear set of nationally recognised quality and price standards that relate directly to the Government's Sustainable Communities Plan and CLG's Public Service Agreement targets. English Partnerships has mainly adopted existing standards with independent validation rather than invent new requirements and measures. The standards must be achieved across the board and trade-offs between categories are not permitted. On certain exemplar schemes additional or higher standards may be requested to reflect the focus and local objectives of a project. The standards cover three broad areas - design quality, community engagement and deliverability & long-term management. Specific standards are set in the following categories :-

- Design statements
- BREEAM / EcoHomes
- Secured by Design
- Building for Life
- Inclusive design
- Lifetime homes
- Construction efficiency
- Car parking
- Building specifications
- Remediation of land
- Fire
- Integrated tenure
- Site-specific design issues
- Deliverability and long-term management

- Community engagement
- Delivery and financial capacity of the proposal

Prior to their introduction the standards were reviewed with several major housebuilders including Wimpey, Barratt, Crest Nicholson and Bellway.

Following publication of the technical requirements of the Code for Sustainable Homes, EP's Quality and Price standards are currently being reviewed to ensure compliance with the Code.

The quality agenda has been pushed by the public sector requiring higher standards, e.g. most EcoHomes schemes can be linked back to English Partnerships or Housing Corporation funding. EP's work has led to more mainstreaming of quality standards, e.g. Building for Life, Lifetime Homes, sustainable construction materials, Urban Design Compendium and guide to car parking 'Car Parking: what works where'.

English Partnerships has also been involved in the development of Design Codes and has championed their introduction, providing greater certainty to development partners. EP is increasingly delivering large scale mixed use housing developments and using design codes to support delivery of good quality urban design on large-scale sites over long delivery periods, particularly where multiple landowners or developers are involved. A design code is a set of specific rules and requirements to guide the physical development of a site, relating to a masterplan or development framework providing three-dimensional urban and architectural guidance. Codes can deliver benefits in three key areas of the development process – quality, speed and consensus. Guidance can be found in the CLG publication 'Preparing Design Codes: A Practice Manual'. EP have used design codes at Allerton Bywater, East Ketley, Greenwich Millennium Village, Hastings Millennium Community, Upton, Lawley, Lightmoor and Campbell Park in Milton Keynes. In addition English Partnerships have advised other public sector landowners such as Defence Estates on the preparation of codes for sites in Aldershot and Ashford.

Case studies from English Partnerships projects:-

- Millennium Communities Programme

The Millennium Communities Programme was set up by English Partnerships in conjunction with Communities and Local Government (CLG) (formerly the Office of the Deputy Prime Minister) to create seven exemplar sustainable communities across the UK. It is anticipated that the programme will bring forward over 9000 Eco-home 'Excellent' standard homes providing inspiration to both the development industry and the general house-buying public. Momentum on all the Millennium Communities is gathering pace with 955 homes completed to date with a further 895 under construction.

- South Lynn Millennium Community

This Millennium Community in the market town of Kings Lynn is the only one that is being delivered on land owned by the developer Morston Assets Ltd. Currently 44 homes have been

completed all meeting the Millennium Community standards which in addition to Eco-homes 'Excellent' also include, a 20% reduction on metered energy, a 17% reduction in water usage, halving of construction waste and reduction in building defects. The developer has embraced the ethos of the Millennium Community standards on transport by providing a green transport guide and giving away 2 bicycles at each property. Morston Assets Ltd have taken the lessons learnt in delivering the Millennium Community standards and have improved the energy efficiency by 10% of all their new properties based on their experience in South Lynn.

- Telford Millennium Community

In order to meet the stringent Millennium Community standards set at Telford, our partner Taylor Woodrow have developed a new range of housetypes. The first phase of the development includes seven new housetypes, ranging from 2-bed to 4-bed. The houses are designed to be tenure blind, providing the same space standards for both market and affordable housing. This principle has also been adopted for the thirteen apartment types and represents a step change by the housebuilding industry. The houses and apartments have been designed with standardisation and simplicity in mind to encourage the optimum use of space, economic construction and flexibility in choice of construction system. Each unit is built around a core containing the serviced spaces (high value complex installations) and circulation with the living spaces constructed as unrestricted space, allowing for maximum flexibility and future adaptability. Facades are designed to allow for interchangeable components, allowing the homes to respond to their local contexts. Choice of materials reflects the stringent embodied energy targets and BRE Green Guide to specification.

- Allerton Bywater

The Allerton Bywater Millennium Community takes forward the 2.9ha extension of a former mining village near Leeds. Outline Planning Consent was received in 2002 following numerous delays due to the original masterplan having to be amended to respond to the planning process. Both the developers and the existing community activists felt that the scheme was too dense, and too adventurous for the local market conditions. CABE enablers were brought in to develop a new Design Code and help ensure that the new scheme met both the aspirations of EP and the local people. The current scheme comprises of 520 new homes together with commercial and community facilities. Although a competition was held to select developer partners, the length of time taken to achieve planning permission has resulted in the negotiations breaking down, and each phase of the project is now subject to a separate development agreement. The Design Code ensures that each phase is

developed in sympathy with its neighbours and contributes to the overall Millennium Community ethos.

The first three residential plots at Allerton Bywater are currently being delivered by three developers – Miller Homes, Barratts and Fusion Fleming UK Ltd.

This Millennium Community incorporates a Homezone, one of the first in Leeds to be adopted by Leeds City Council. In the Miller Homes and Fusion Fleming phases of the development some of the completed homes have ateliers – workshop or office accommodation annexed to the dwellings which can be used for homeworking. These also overlook the Homezones so increasing community surveillance and safety. The success of the sale of the first releases of these homes is partly due to the excellent design of the area and the promotion of community safety, as well as the high environmental standards embraced.

- Oldham & Rochdale HMR (St Mary's & Dale Mill)

Oldham and Rochdale HMR are a model agency who believe that Design Quality and environmental sustainability of the highest quality, delivered through close consultation with the local community are the only way to change the perception of the places they are working in, and deliver a long-term sustainable approach to regeneration within Oldham and Rochdale.

The specific issues of the HMR in the area is not low demand, rather an over supply of the wrong type of homes, and the poor quality of the housing offer. Through a series of exemplar schemes the HMR have raised the aspirations of the local community and developed new housing typologies appropriate to the needs of the area, including large flexible homes specifically targeted at the large BME population. The typology's developed such as that in Selwyn Street, Oldham will be a valuable resource in addressing the issues of back to back housing in other locations in the UK.

The HMR team have committed to raise the profile of housing in the area by running a number of high profile competitions, which endeavour to bring the best national and international architects and urban designers to help address the specific requirements of the population. (Examples include the European competition - see attached articles).

English Partnerships have been working with Oldham and Rochdale HMR to develop further models of good housing, including Dale Mill, Rochdale and St. Mary's, Oldham. The scheme at St. Mary's had an existing planning permission for low quality semi-detached housing on a site close to the town centre. The approved scheme did not provide a mix of housing opportunities and was poor in terms of safety and security and urban design. The Stakeholder group including English

partnerships have worked together to provide a more appropriate solution to this urban site, with a wide mix of housing opportunities and a mix of uses. The revised scheme has incorporated English partnerships quality and price standards, and has gone beyond these to include EcoHomes excellent, Building for Life Gold, HomeZones.

The commitment of the HMR has been recognised through a succession of awards, Selwyn Street being one of the few housing sites in northern England to have a Building for Life Gold Award - one of the few nationally to have been delivered through an RSL.

<http://www.buildingforlife.org/buildingforlife.aspx?type=housing&refid=-1&aspectid=15&contentitemid=1581>

<http://www.cabe.org.uk/default.aspx?contentitemid=1151>

<http://www.euopan.org.uk/>

- Barking Riverside design strategy

Design was a key driver to achieving the transformation of the plans for Barking Riverside, creating a different place and raising aspirations and values. This will be achieved through a series of strategies that have been included within the development planning agreements :-

- the formation of a mentoring group, the design panel, that will help the design teams improve on their designs over the period of the development. The Panel consists of experienced stakeholders. The original master planner stays with the project as mentor to the phase design teams when appointed. Off site manufacturers also form part of the Design Panel to ensure that the designs in building form can be optimised in terms of off site manufacture, achieving cost and time efficiencies and promoting local employment.
- A planning protocol between the two local planning agencies (LBBD and Thames Gateway UDC) has been agreed and detailed in the legal agreements, which will share resources and ensure they are part of the collaborative design teams.
- An strategy Energy and Sustainability Strategy, which sets evolving targets on reduction in carbon emissions, starting from a reduction of 30% evolving over time to a reduction of 80% in the last phases by which time, technology should have created economically more sustainable solutions. The strategy includes a benchmarking tool that captures long term improvements in sustainable solutions in terms of design and product construction.
- Other strategies that influence design in use over the development period include social inclusion (ensuring all the homes are designed to lifetime home standards, education and ensuring that social infrastructure is developed at the same time as the community grows).
- The Housing strategy will ensure that housing mix and tenure evolve to meet affordable and housing mix needs.

- The Transport strategy to determine and lobby for the strategic infrastructure and select the optimum sustainable solutions.
- Child play and open space strategies ensure quality of space and well-being within the development

This series of strategies will ensure that the design develops and evolves over the twenty year period of development, promoting place-making and high quality housing design. One further issue that has been addressed within the legal agreements is the need to look at long term maintenance of the highest quality .There is little point in initially achieving high standards of design if they are not maintained .To address this issue the planning agreement includes an agreed community development trust structure that takes its income from a series of sources and has the ability to fund maintenance to a high standard .The trust would be based on site and also give more employment opportunities to local people .

EP's role in education and training

A practical understanding of how good design impacts on regeneration and development is key to the success of the Government's aim to drive up design standards. A mature understanding is required of the costs and benefits of good design. The extra costs tend to be short term, whereby the benefits (which usually outweigh them), tend to be generated in the medium to long term, so that there is a danger that investors will be deterred from the high quality approach which English Partnerships champions, until they are prepared to take the long view and understand what it achieves in practice.

English Partnerships believe that seeing is believing, and we have developed a joint initiative with Civic Trust and Design for Homes to raise awareness of design issues. The approach to training based on practical hands on experience of how places work is targeted at local authorities' planners and members, and takes them to see examples of well designed places in order to challenge the pre-conceptions that they may have about higher densities or new types of development or approached to highways and car parking. The 10 pilot trips with local authorities from all over the UK were highly successful in changing perceptions and raising the aspirations for design within each authority. Some local authorities and RDA's now run similar events based on the EP model

English Partnerships have further developed this approach to training with our own staff, running a series of 2 day events focusing on various aspects of design, delivery and community engagement. The events include targeted seminars on the specific subject, followed by walking tours of towns and cities and best practice visits to surrounding examples of good practice in the locality. The training sessions have become the most popular training events EP hosts for its staff; and have helped regeneration professions understand what they are trying to deliver by seeing successful well used places. Equally we take staff to look at poor

examples of design where aspirations have been low in order to demonstrate the potential problems they may be creating by not thinking holistically about project delivery.

There are examples of enlightened approaches to design from some landowners :-

- New Hall, Harlow

The Moen family have farmed in Harlow for four generations and seen the establishment and growth of the new town from its post-war inception. Their previous experience at Church Langley, another new neighbourhood adjacent to this site, where the land had been sold to a consortium of developers, had resulted in an estate layout and standard housetypes with which the family were disappointed. They determined to make design the priority at New Hall and commissioned an urban design masterplan for the site providing approximately 450 new homes. This was accompanied by the development of key urban design principles (a design code) – design, place, community and sustainability, aimed at encouraging a fresh modern architecture, all combined with lengthy negotiations with the supportive local planning authorities.

The landowners established a company and have sold land parcels, accommodating 50 – 100 new homes, following negotiation with developers and a design competition (held as commission competitions where 3 architects were invited to compete). To date this has successfully resulted in the appointment of Proctor Matthews Architects (with Copthorn Homes) and PCKO Architects (with Cala Homes) producing high quality homes.

- Poundbury

The opportunity in the 1980s to build a significant extension to Dorchester on 400 acres of Duchy of Cornwall land provided the opportunity for the Price of Wales to work with West Dorset District Council on an exemplar urban extension. Poundbury is currently over 10 years into an intended 40 year building programme. Of the 400 acres, 250 acres will eventually contain a series of compact mixed use neighbourhoods and the remainder will comprise open space and landscaping.

The principles of Poundbury are the integration of land uses, in contrast to the zoning practices of post war decades. Employment, recreation, education and retail opportunities are integrated with private and affordable housing. The development attempts to achieve a 'sense of place' in contrast to the bland environments of many suburban estates. Cars are fully accommodated in rear parking courtyards, with pedestrian and cycle movements being favoured. Townscape quality is a high priority and Leon Krier's masterplan is seen as one of his major achievements.

Land disposals are dependent on Treasury Warrants, and full value has to be achieved. The higher cost of masterplanning, architectural quality and the use of traditional materials is balanced by higher densities of development and higher open market values. After a difficult start during a housing recession, both land and housing are

now selling well and achieving high values. Poundbury has received increasing recognition in official circles and been cited as good practice in a number of official reports.

7. To what extent is sustainability, in any sense, a factor in the choices made either by housebuilders, suppliers and other providers, or by housebuyers? What impact is being achieved by the Code for Sustainable Homes and the agenda set out in the Government's consultation document "Building a Greener Future: Towards Zero Carbon Development"?

EP and the RICS commissioned research into the value of green housing contributing to an international study into 'Green Value – a study of the linkage between environmental practice and asset value', published in October 2005. The study reviewed green buildings in The UK, Canada and the USA and concluded that they can achieve greater value than their conventional equivalents.

Three recent studies by Sponge (Mori) and DEFRA, Bryant Homes and EST all suggest that are willing to pay £5,000 or more for a green home when they are taken through the definition of a sustainable home. However, there is little or no knowledge about the Code for Sustainable Homes among the public in general. Without very heavy investment in building the Code's brand, homes meeting high levels of the Code would be unlikely to command a significant premium although interest in green lifestyles is increasing. It is important to remember that building a quality brand would be very advantageous to high quality volume housebuilders as they are competing against the existing stock, where it will be much harder to meet the exacting energy and water standards in the Code.

The Code for Sustainable Homes

The Code for Sustainable Homes was published by the Government in December 2006, and is intended to replace EcoHomes with a new sustainability rating for the overall performance of the home. The Code will increase delivery of low carbon homes and improve the ability of the industry to combine good design with high environmental performance. There are six star ratings for all new homes from one star (a minimum carbon emissions standard that is 10% lower than Part L Building Regulation requirements) to 6 stars (zero carbon home).

English Partnerships are implementing Code Level 3 on all their projects from April 2007, staying 3 years ahead of the industry by implementing Level 4 in 2010 and Level 6 (zero carbon homes) in 2013. With EP adopting the Code early, the industry will be able to improve skills and increase capacity to deliver low carbon developments before these standards become statutory.

Reaching CSH Level 3 will be more expensive than reaching EcoHomes Very Good, depending on house type, site location and constraints determining which technologies can be used (on average between 2% and

3% more). Research commissioned by English Partnerships and the Housing Corporation from Cyril Sweett suggests that the minimum additional cost, above EcoHomes 'Very Good', for achieving CSH Level 3 for each traditional (non-MMC) house type is approximately:

- Detached - £1950
- End Terrace - £2241
- Low Rise - £1121
- High Rise - £2691

Despite this additional cost, a CSH Level 3 compliant home will have far lower CO₂ emissions (25% improvement on current Building Regulations) and lower water consumption than an EcoHomes 'Very Good' home.

- Some exemplar low carbon projects in development by EP are offered as case studies:-
 - Design for Manufacture competition – Merton site
The final site in the competition was secured by the SixtyK consortium (Crest Nicholson) as an environmental exemplar, future-proofed to provide the ability to become zero carbon building on their winning proposals for two earlier DfM sites. Through the use of photovoltaic panels up to 10% of renewable energy will be generated on site. Initially a gas-fired CHP system will provide heating and hot water to the scheme. If replaced by biomass, biofuel or a renewable gas (sin gas from waste for example) in due course the development would be virtually carbon neutral. When developed the homes will approach level 4 of the code, a 44% reduction in carbon emissions over 2006 Part L, through a combination of exceptional energy conservation performance including high levels of insulation, eradication of cold air bridging and very low air leakage levels, together with mechanical ventilation and heat recovery and low carbon energy supply as described above.
 - Heart of East Greenwich
This 3 hectare former hospital site will be delivered as part of the London Wide Initiative, redeveloped as a new town centre hub for East Greenwich, providing 500 new homes, a new public sports centre with swimming pool, library, health centre, shops, flexible working space and major public squares. The housing will form a balanced mixed tenure community with a range of 1- to 4-bed homes providing 175 affordable, 175 keyworker for sale and 150 open market sale homes.
The development partner, First Base, was selected in December 2006, responding to a demanding development brief. The scheme will achieve pioneering standards in environmental innovation with a commitment to be net zero carbon and planned to exceed level 5 of the Code for

Sustainable Homes. The energy target will be met by a combination of on-site generation from renewable sources (biomass, ground source heat pumps and photovoltaics), combined with CHP and thermal storage, backed up in peak periods by gas-fired boilers and a reduction in building energy consumption. The scheme will export excess electricity to the grid. Building performance is enhanced through improved 'U' values, ventilation heat recovery and improved air-tightness.

- The Carbon Challenge

The Carbon Challenge has been set by Government to accelerate the housebuilding industry's response to climate change by fast-tracking the creation of a number of near-zero and zero carbon communities. The key objective is to raise the environmental performance of new homes while still delivering quality and high standards of design at an affordable price. It also aims to equip the industry with the skills and technology needed to meet the Government's objective for all new homes to be zero carbon by 2016. Developments in the Challenge will have to meet level 6 of the Code for Sustainable Homes. The Carbon Challenge will bring forward several thousand homes across a wide range of sites, with each development likely to provide a minimum of 200 homes. This will ensure a critical mass allowing the installation of shared energy systems and other features contributing to reduced carbon footprints. The Challenge is being run by English Partnerships, which has put forward the first two sites. Local authorities, Regional Development Agencies, private developers and housing associations are being asked to nominate their own sites.

The key aspirations for the Challenge are to:-

- Raise environmental standards by creating developments that achieve Level 6 of the Code for Sustainable Homes where viable.
- Combine exceptional environmental performance with high quality design.
- Drive down construction and supply chain costs seeking to maintain the cost efficiency of the Design for Manufacture initiative.
- Incorporate lifestyle features that cut emissions within the community.
- Ensure that affordable and low cost homes are included – especially for families.
- Promote new ways of selling the benefits of sustainable communities to future residents.

8. There is a clear public interest in the operation of a free market, in securing an adequate supply of new homes and in sustainability.

How, and how far, does the housebuilding industry respond to considerations of public interest? What public policy instruments are available to influence the performance of the industry, and how effective are they?

Further questions arising from the EP internal workshop on the Callcut Review are also worth addressing:-

- The review should also consider whether the housebuilders are good at adapting to change? (e.g. sustainability and evolution of planning system).
- Do the housebuilders need better market analysis and policy guidance – specifically do bodies in the industry work against each other?
- Is the housing being built going to those in need of it?
- There is no point in innovation if it is not followed through. Does the industry really adapt to innovation?
- Does the very regionalised structure of most housebuilders help or hinder the production of quality schemes?
- Is there any willingness to adapt or vary standard housetypes to create quality places?
- Do schemes involving architects and urban designers produce better solutions?
- Is quality affected by ownership? E.g. RSLs get more innovation in design on their own projects, rather than when they are working for the larger developers.
- Who is building for the private rented sector?
- Have the forecast skills shortages failed to materialise due to changes in population, specifically the inflow of labour from new EU states? What changes has this brought to the skills of the workforce?

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