



Northern Housing Summit 2008

Delivering Land: Right Place, Right Price

I am pleased to enclose recommendations arising out of the Northern Housing Consortium's IGP sponsored Land research project.

The recommendations focus on removing the key barriers identified in the research to date.

Please feedback to us whether these recommendations would help you, what else could be done to make it easier to bring forward land for the development of affordable homes.

Our Land Assembly Manual will be ready for launch in March 2009 so please do take this opportunity to give your views or effective practice.

Let us know your thoughts on the recommendations by January 2009 - sending them to;

charlotte.howse@northern-consortium.org.uk or on 0191 566 1000

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Delivering Land: Right Place, Right Price

Test bed Recommendations

Barrier: Understanding land picture

A key challenge facing the North is establishing an effective picture of land availability – and its status. It is not the case that land itself is unavailable, rather that we do not have an accurate understanding of land availability nor an appreciation of barriers i.e. cost, inappropriate planning designation.

Whilst there are tools available to develop an understanding of land availability for example Strategic Housing Land Availability Assessment (SHLAA), it is through testing these tools that we can consider whether they are fit for purpose. Respondents have advised that the SHLAA process may not have helped as much as government intended – particularly around involvement of private developers/private landowners. It is vital that the land holding picture is developed consistently across regions allowing regional delivery plans for housing to be based on a realistic understanding of land supply chains.

The following recommendations will improve our awareness of land availability and will therefore positively impact on the supply chain.

Lead body	Action	Impact
Local Authorities Regional Planning Bodies (RPB)	Agree a regional methodology for delivering the Strategic Housing Land Availability Assessment – building on the YH and NE effective practice examples. Whilst regional roll out may not be achievable dependent on Core Strategy timings, it is important that SHLAA are managed within the context of Strategic Housing Market Assessments and the Housing Market Areas these identify.	Will develop consistent approach to undertaking and reviewing the SHLAA and therefore build up a regional picture of land supply Will ensure regional development agencies are fully engaged with housing land supply
Local Authorities - within Housing Market Area boundaries RDA/RPB	Ensure this regional picture is used in dialogue with Homes and Communities Agency (HCA) through annual review sessions.	HCA will have a regional understanding of land supply with which to make strategic decisions over investment and delivery of housing
Local Authorities/Sub Regional partnerships	Widen stakeholder involvement in SHLAA processes, e.g. Registered Providers, private developers and private landowners	Enhanced partnership working and more effective identification of land supply
Local Authorities/Sub Regional Partnerships	Commission appropriate studies on a regular basis (every 2 years) to test current practices (e.g. employment land use study to reality check understanding of need)	Potentially free up locked land supply
Local Authorities/Sub Regional Partnerships	Identify/categorise land not currently available for housing but with potential for future housing usage by barrier rationale – e.g.	A categorised assessment of this potential land available for housing would allow Local Authorities to understand

	utilities infrastructure weakness, transport, remediation costs	reasons for blockages in supply chain. This strategic understanding of blockages would enable the authority (and partners) to make an informed assessment about value and impact of resource decisions
Local Authorities/Sub Regional Partnerships	Understand any barriers created by ownership of land and link into space/leisure strategies to determine whether green space can be moved to create more combined land for building/development	Ensures that land use is considered within broad strategic framework and may release appropriate land for development whilst maintaining green space requirements and aspirations
Local Authorities/Sub Regional Partnerships	Engage with private sector landholders through creation of a suitable forum	Develop pipeline beyond year 8 of current SHLAA plans
Regional Development Agencies/Regional Planning Bodies	Promote and direct best practice around SHLAA and land identification activity through series of regional workshops.	Will share knowledge and improve approaches to SHLAA delivery thereby increasing land supply chain knowledge
Public Sector bodies	All public sector bodies to have updated land disposal strategies that are open to view by relevant regional organisations such as Regional Development Agencies, Homes and Communities Agency, Government Office	Alongside land identification ensures that there is move towards active disposal practices. Opening up the strategies to view by relevant regional bodies ensures that a regional understanding of potential disposal routes is created.
Local Authority	Ensure that key local policies such as the Local Development Framework or the Affordable Housing policy is a robust document that can withstand legal scrutiny (in particular learning from the recent Blyth Valley judgement on Affordable Housing policy)	Minimises legal challenge to delivery of affordable housing.
CLG	Issue updated good practice guidance around such policies to ensure that Authorities are in the best position to develop robust policy documents	Minimises legal challenge to the delivery of affordable housing

Barrier: Land Values

The research to date has identified a significant barrier in the release of land for affordable housing is the high (and recently rapidly increasing) level of land valuations within the private sector. This has resulted in the public sector delivery agencies being unable to compete in open market competition with others, and uncertainty over the valuation approach that should be applied to public sector land. Since 1994 the average value of residential building land with outline planning permission has risen over by over **500%** in each of the three northern regions.

Lead Body	Action	Impact
Regional Development Agencies/Homes and Communities Agency	Ensure strategic approach and framework to land valuations (public sector) is taken across (sub) region for example by agreeing a formula to apply	All parties involved in land assembly have baseline understanding of valuation position thereby producing

	to public sector land valuations with potential for housing use.	efficiency savings in time and resources through reduced levels of negotiation
Homes and Communities Agency	HCA to ensure investment decision making process (“the investment deal”) around new housing takes into account sign up to a framework around public sector land valuations. Investment in delivery that does not subscribe to framework approach to be by exception only.	Incentivises a more consistent approach to public sector land values by linking investment decisions to land values.
Local Authorities Regional Development Agencies Government Office Homes and Communities Agency	To pilot and agree a sub regional approach to land valuations (linked to MAA) to off set valuation peaks and troughs	Avoids imbalance of land values. Recycling of land receipts to ensure public sector investment is maximised

Barrier: Accessing Land

Contributors to the research project further identified problems around accessing of land. Several Registered Providers felt that they had sweated their assets as much as possible in recent times and that a new approach to minimising –or sharing risk was beneficial to facilitating land assembly. Remediation of land is seen as a key concern, particularly in the North with the very high levels of post industrial brownfield land and the research identifies the need to reduce remediation costs.

The government have put considerable store into the creation of the Registry of Surplus Public Sector land but the means by which this operates could be improved to ensure that it really does provide a viable opportunity to access land and not just paying lip service to the policy stance.

Lead Body	Action	Impact
CLG & Homes and Communities Agency	Commission series of straightforward “how to guides” relating to disposal of public land holdings and management of receipts for all relevant public bodies	Maximises best practice around land disposal and ensures compliance with key regulation. Reduces costs and time delays in securing land disposal.
Registered Providers (RP)	Develop strategic approaches to land banking through promoting land purchasing opportunities by Registered Providers – potentially in a consortia arrangement. (particularly in Yorks & Humber and North West)	Increase land holdings amongst public sector
Homes and Communities Agency	Provide economic viability guidance/toolkits to Registered Providers to assess risk/implications of leasing land rather than full purchase	Creates better understanding of risk around land purchase/leasing decisions and therefore may bring new land to the supply chain
RP	Widen approaches to access land – including leasing and taking out “land options”	Increases supply chain
Homes and Communities Agency	In current economic climate HCA use funds to facilitate land assembly rather than just delivery of new homes	At downward point in economic cycle there may be financial benefits in using public sector funds to

		purchase land that could be built out at a later date.
HCA	Develop equity stake investment strategy rather than purely grant awarding investment approach. This would involve HCA taking a longer term investment approach in the delivery of new homes, taking a return on investment based on valuation increases or sales of homes.	Risk of financial exposure for developing bodies is seen as inhibiting land purchasing opportunities. A shared approach to risk through equity investment may reduce perceptions of risk of land purchase amongst Registered Providers. It may also increase viability of previously viewed as marginal schemes.
CLG	Widen the number and type of public bodies required to place surplus public sector land to include quasi public bodies.	Increase opportunities for all particularly in the north
CLG	Develop a mechanism similar to CPO to ensure that public sector land is placed on the register	Avoids delays in placing land on register
CLG	Lengthen time land is held on register to 1 year rather than current 4 months	Widens opportunity for land to be used
CLG	For organisations stalling to put public sector land on the register and subject to CPO like powers, further increase the time the land is held on the register to 2 years	Incentivises voluntary use of the register.
CLG	In current economic climate use the funding allocated to community infrastructure levy to bring forward land holdings	At downward point in economic cycle there may be financial benefits in using public sector funds to purchase land that could be built out at a later date.
CLG	Incentivise development of cost effective remediation – including capital allowances tax breaks through commercial development opportunities	Reduces costs of remediation thereby increasing potential access to land
CLG and HMT	Assess process of facilitating use of capital allowances within a public partnership setting	May reduce costs of delivery thereby increasing viability of scheme delivery
CLG and HMT	Remove any potential barriers to facilitating use of capital allowances within a public private partnership setting	Reduce costs of delivery thereby increasing viability of scheme delivery
NHC	Develop a procurement solution for remediation services to reduce costs relating to remediation activity	Reduces cost of remediation thereby increasing potential access to land
CLG/NHC	Develop best practice manual relating to set up of local housing companies or other joint venture vehicles	Reduces development costs and lead in time to set up such structures
RPs and LA's	Identify skill gaps within staff and organisation relating to land purchasing, negotiation skills etc and work with relevant regional/national bodies - such as Academy for Sustainable Communities and Regional Improvement and Efficiency Partnerships to ensure that development opportunities are put in place	Plugs skills gap and reduces reliance on external high cost consultancies – thereby producing efficiency gains.
RPs	To undertake regular (2 year) reviews of land valuations of their holdings as	Produces a truer financial picture of land holdings which

	perception of land valuations may be directing behaviour over disposal	may affect decisions over land disposal/usage.
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Barrier – Housing and wider socio –economic policy

The reality of the socio-economic climate is that housing is competing for scarce resources against other public sector investment decisions. It can be difficult to demonstrate the value of investment in housing and this may cloud political decision making. We can do more to support a more holistic/integrated strategy placing housing within a wider context so that the decision making can understand how housing delivery fits into or complements other strategic priorities.

Lead body	Action	Impact
Audit Commission	Support and promote initiatives that demonstrate how the delivery of housing contributes to wider Local Areas Agreements objectives and Comprehensive Area Assessment performance.	Supports political decision making around investment in housing
Audit Commission	CAA proposals should have a clear reference to the need to increase the role and relative importance of housing within the overall CAA model.	The contribution that the housing sector will make to stabilising and recovering the wider economy should not be minimised. Any measure of the quality of life of any particular place should reflect this contribution. This would support the HCA in meeting their task of accelerating the regeneration of underperforming towns and cities.
CLG/LA/HCA	Ensure that structures such as the Local Strategic Partnership are engaged in land supply discussions when setting and reviewing the Sustainable Communities Strategy	Builds partnership and develops understanding around key local strategies and delivery plans and ensures that local area agreement reflects and supports housing delivery plan
CLG	Review if the requirements/costs being placed on developers through affordable housing requirements, Code for Sustainable Homes, Lifetime home standards, are acting as a barrier for development – and to what extent.	Will ascertain if these are true barriers and should bring forward proposals to overcome obstacles – thereby easing supply chain issues.

For further information on leveraging capacity into the delivery of affordable housing the Northern Housing Consortium in conjunction with the Housing Corporation have produced an interim report 'Delivering Land: Right Place, Right Place.

To receive an electronic copy of the report please contact;

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or visit:

www.northern-consortium.org.uk