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Partnering deal unlocks land for social housing

South London Family Housing Association (SLFHA) and developer Milford Homes are in a three year partnering deal that gives Milford a base load of timber frame manufacturing and house building while bringing on social housing schemes.

Robinia Close is a £5m development of 36 mixed tenure houses in Anerley. There are three and four bedroom designs, three customised for disabled tenants. The Egan inspired partnering and pre-fabricated frame initiative is complemented by high standards of design and energy conservation. But what truly set it apart are the methods of procuring land and negotiating with the local authority. Milford Homes chairman and MD Bob Trendle summarises: "We had worked for SLFHA for some years. Now we work with them as partner developers. We look for funding and what we can do to help each other."

Sarah Watson, development manager with SLFHA, recalls the negotiations with Bromley Council. "Our partnership with Milford Homes has attracted a lot of interest from the local authorities. We went into the planning process quite early as their funding partner and found we could negotiate with the planners much better with the housing department backing us."

Benefits of partnering at Robinia Close

Delivering more social housing projects - Robinia Close is an example of what is possible when a housing association and developer work together to exploit a site as soon as one of them has identified its potential. "We bought the site with Bromley supporting funding for half the houses. The scheme was so attractive that we got Housing Corporation funding for all 36," says Watson.

Manufactured frame systems – SLFHA is enjoying the more predictable time and cost outcomes, fewer defects and respect for people benefits associated with timber framing manufactured off site.

Fewer defects overall – "Robinia Close callouts are certainly less than normal," notes Watson. "With partnering we're able to feedback the irritating design faults and constantly improve the product."

Cost within budget – Despite an increased level of specification during the design phase, the cost was 124% of the Housing Corporation's Total Cost Indicator, well within the 130% limit.

Turnover and profit – Milford Homes has enjoyed an increased turnover and profit in its land acquisition, frame manufacturing and house building operations.

Key Issues

- A unique partnership
- Flexible tenure before funding is known
- Unified design for mixed tenure
- Pre-fabricated timber frame construction

“Our partnership with Milford Homes has attracted a lot of interest from the local authorities”

Sarah Watson, South London Family Housing Association



Mixed tenure layout at Robinia Close



CREDITS

- Client – South London Family Housing Association
- Developer – Milford Homes
- Frame Manufacturer – Guildford Timber Frame
- Employers Agent – Burgess Mean Architects
- Architect – M&M Architectural Services
- Structural Engineer – Peter Hill Partnership

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The challenge

With land increasingly difficult to find, SLFHA needed a way to forward plan and exploit potential sites well in advance of a decision on funding. Milford were keen to develop their new timber frame manufacturing business (Guildford Timber Frame) and they were looking for continuity of orders.

Problems and solutions

Milford Homes and SLFHA had a good grasp of each other's business. A three-year partnering deal was struck in summer 1999 on the basis that they would identify sites suitable for mixed tenure development and work together to secure planning permission and finance. Milford had confidence that SLFHA could gain Housing Corporation grant funding for worthy schemes, but they devised a default agreement to jointly build and sell any unfunded homes on the open market. Financial transparency came with open book accounting.

SLFHA prefers mixed tenure developments that include rental and shared ownership. They have developed designs that, subject to cosmetic changes, are also attractive to private buyers. This built-in flexibility of tenure keeps marketing options open. Hence they have a flexible product that satisfies a wide range of planning and customer demands. This is delivered using a standardised specification and a contract with negotiated equitable terms.

Obtaining planning permission for social housing is made easier when there is a unified corporate response from the local authority. The strength of the partnership is in having professionals who can negotiate effectively with both the housing and planning departments and find consensus solutions. SLFHA and Milford have identified a number of key executives in their organisations who are empowered to make critical decisions quickly. This accelerates the planning process and improves the chances of success.

The partnership is delivering the base load of work that Milford need to promote their interests in land development, house construction and timber frame manufacturing. Their aim is to cover group overheads and make a modest profit with social housing while also pursuing speculative projects that are more risky but potentially quite profitable.

Next steps

The partnership runs until mid 2002 and, subject to good results, the parties are likely to renew. This would fulfil the fundamental Egan rule that successful teams should continue working together. SLFHA retains a number of conventionally tendered projects in its portfolio that they use to monitor cost and performance and thereby retain confidence that they are getting value for money in the projects negotiated with Milford.

SLFHA will be collecting data on the duration and success rates of partnered projects, for comparison with industry averages.

Lessons learned

- *Housing associations can secure more land and bring on projects by working in partnership with trusted developers*
- *It is a two-way deal; the developer needs confidence that the housing association can reliably assess the potential of sites and secure funding*
- *Gaining the necessary trust to make it work relies on the right chemistry between senior executives*
- *To gain the economies offered by partnering, you need a consistent specification and an equitable contract.*

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Links

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Milford Homes Group:
www.milfords.com
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