FIELD OF DREAMS

Meeting housing targets is a game of two halves – developing on greenbelt land or developing on brownfield land, it's a matter of strategy writes **Alex Bell**

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A lack of available and viable land is a major constraint for facilitating the building of new homes. It's a statement all too familiar to those involved in the North West property sector.

And it's not just homes, it's land availability for employment space, for amenities.

Just how far the £24bn, multi-year, pot for housing announced by Chancellor Rishi Sunak at the last Spending Review will go is anybody's guess.

What's resoundingly clear is that brownfield land – with £1.8bn extra funding to bring up to 1,500 hectares of it into use – is the government's linchpin when it comes to delivering on its target.

The almost £2bn meets Sunak's commitment of investing £10bn in new housing and unlocking one million new homes.

But what does it mean for the North West? What will come of the recent £65m injection to start digitising the whole planning system, the £300m awarded to mayoral combined authorities and councils to unlock smaller brownfield sites for housing? And what about the new tax levied at residential developers with profits of more than £25m at 4 per cent, introduced to reaffirm the Government's £5bn fund to remove unsafe cladding?

Paul Smith, managing director of the Strategic Land Group, tells *Insider* the North West finds itself in a 'perfect storm'.

"That in main is due to a dramatically constrained land supply," he says.

"Fundamentally the planning system is the gatekeeper to land supply. Manchester United will no doubt play consistently better in a different system than what Ole Gunnar Solskjaer was using. It's the system not the players, and it's the same with planning."

"Sluggishness," Smith adds, "is a systemic thing. So unless the government reforms the planning system, things will remain the same in 2022. It can take time for local authorities to put local plans in place and they are often based on evidence which is three to five years old so they are almost out of date the day they come in.

"Things will get better over time though because local authorities will put new plans in place which will identify sites. But it will take time to do that and the danger is they're fighting yesterday's battles and that supply becomes more constrained."

Smith says local authorities in the North West fall into two camps; those without huge amounts of greenbelt in their boroughs – Ribble Valley and Fylde Coast for example which each have local plans in place – and those that are shrink wrapped in greenbelt.

"We're starting to see supply dry up in those areas without huge amounts of greenbelt and with some of the local authorities with local plans in place," says Smith.

"Greater Manchester falls into the other category with, I think, five of the ten authorities not having a five-year housing land supply, a minimum government requirement. You can be working on a local plan that truly is greenbelt for a decade but until plans are adopted and released, new sites aren't going to be brought forward.

"So," adds Smith, "roll these two things together and we've gone from a period where say five years ago authorities weren't constrained by greenbelt to a position where all of a sudden most sites likely to deliver in those boroughs have failed".

Homes England last autumn brought in a new system to transform the way it procures housebuilders and disposes of land. Valued at £20bn, the Delivery Partner Dynamic Purchasing System (DPS), is Homes England's largest procurement exercise yet and allows housebuilders to ➤

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apply to join the agency's list of preferred developers at any time rather than having to wait until the list is renewed once every four years.

Lovell, and sister company Muse Developments, part of construction and regeneration group Morgan Sindall, were recently appointed to DPS for the next 10 years.

Muse's managing director, Matt Crompton says helping Homes England accelerate the delivery of residential-led development in towns and cities across England will be the catalyst to the country's economic recovery.

Steve Coleby, managing director of Lovell, says: "The DPS framework is the largest of its kind and provides many exciting development opportunities, supporting us to achieve our purpose of transforming communities through innovative residential construction and regeneration programmes, and delivering much needed housing across England."

Are landowners' expectations in step with realistic returns given land prices are currently topping £2m an acre in the North West?

Andy Delaney, director and head of the Liverpool office of property regeneration consultants AspinallVerdi, says a big current question is whether developers and landowners can agree terms on a price.

"With property prices at an all-time high in some locations, there can often be an unrealistic expectation from landowners relating to the perceived value of their land," he says.

"The value may be dampened by the policy requirements of the planners, and developers must ensure they educate their clients that £2m per acre does not equate to £2m in their back pocket. Otherwise, the site will essentially remain in its existing use with no incentive for the landowner to bring the site forward for development."

Tim Heatley, co-founder at Capital & Centric, believes unloved town centre brownfield sites across the North West can be transformed, with homes, workspaces, retail and leisure all sitting side by side.

"Our housing concept 'Neighbourhood' (in Rochdale) is designed to do just that," he says. "We're taking brownfield sites in challenging locations and turning them on their heads.

"We're transforming an old retail park into a thriving new town centre community with over 200 homes sitting alongside an ecosystem of amenities normally only found in city centres. It's much more sustainable and it creates much more vibrant town centres with activity day and night."

Private and public sector joint creative thinking is critical to delivering similar schemes across the region, according to Heatley, whose company is involved in major projects in Farnworth and Stockport.

"These places tackle the double-edged challenge, delivering new homes and jobs by redefining what a town centre can be while taking pressure off the greenbelt."

Quick solutions though, according to Smith, are not possible when it comes to alleviating what he has coined a 'perfect storm'. "Take Greater Manchester's Places for Everyone for example," he says. "The housing supply in round numbers purports to include enough land for 170,000 homes over a 15-year period.

"When you break that down, there are 33,000 which are under construction, around 40,000 that have planning permission where construction hasn't started.

"But 100,000 of those homes, getting on to 60 per cent, are almost entirely brownfield sites within the existing urban area.

"With the overwhelming majority of those sites you've got to change the use from employment to residential and with the constraints on the supply of employment land, those values are going up. All of a sudden it's not a clear-cut decision for the owners as to whether or not they should release them for housing.

"So, if you're not careful some of those 100,000 homes may not come forward, because it is no longer attractive to change the use to residential, in turn reducing the supply of residential land and under delivering across Greater Manchester which is why I call it 'Places for almost Everyone'." ■

Matt Claxton planning director at Tritax Symmetry, (pictured) outlines three solutions to challenges associated with greenbelt development

1. The need to educate local authorities local communities

The exponential growth in the sector, largely due to online shopping habits, has driven demand for warehousing space, creating a significant under-supply in available land. This trend will continue unless LPAs and emerging local plans recognise the importance of the sector and need to allocate large areas of land for logistics/warehousing purposes. The significant social, economic and environmental benefits of bringing logistics space forward in any given area are often not fully understood. Thousands are employed during construction, further job creation comes once sites are operational, and millions are then delivered in annual business rates and GVA to local authorities. Objections can be minimised during determination through the education of local authorities and their communities.

2. Time it takes to release greenbelt land

Modern logistics and warehousing operations require large areas of land in accessible locations, close to the strategic road network. In the North West, such sites are often located in the greenbelt. To secure a planning permission for development in the greenbelt either requires a robust 'Very Special Circumstances' case or requires promotion through a local plan.

3. Finding suitable sites

There is often land designated as greenbelt that has limited value, contributing little to openness or the five purposes of maintaining land in the greenbelt. We must look at ways of ranking the quality of greenbelt land and being able to release those sites which contribute little from an ecological perspective and would be better used by being transformed into logistics development.