

Note to Haringey Council Housing and Regeneration Scrutiny Panel

1. Personal introduction

I am grateful for the invitation to comment on Haringey Council's proposed "Haringey Development Vehicle". By way of personal background, I am Deputy Leader (Labour) of Oxford City Council, having been a councillor since 2002. In the past I have led on Housing and Strategic Planning; I now lead on Finance and Assets. I am a member of the Local Government Association's Economy, Environment, Housing and Transport Board and was a member of the Lyons Review of Housing Policy commissioned by the Labour Party. Outside my council role, I am a senior lecturer at Aston University, and have recently held funding to undertake comparative research into English and German housing policy.

I am happy to comment on national and international lessons from development partnerships, but in this note particular focus on our experience in Oxford.

2. Partnership development schemes in Oxford

In Oxford, I have been involved with providing political leadership on three regeneration schemes:

- **Rose Hill:** In 2005 our Council agreed to replace 97 council-owned prefabricated properties (plus about 17 in private ownership) which had become structurally unsound, as well as some poor quality council and housing association sheltered accommodation. 73 secure tenants would be rehoused. The Council chose Oxford Citizens Housing Association as the project partner, not least because it owned poor-quality property in the area and thus had a stake in the development. In turn, these procured a development partner (Taylor Wimpey was subsequently chosen). The scheme was largely funded by cross-subsidy (overall 254 new homes were built, of which 100 were social rented, 41 shared ownership, and the rest for private sale), but also with some government grant. Tenants were given the option of a new Council tenancy via a transfer, whether on Rose Hill or elsewhere, or the option of a move to one of the new properties on a social rented tenancy with OCHA (often with just one move due to the phasing of the scheme, sometimes with two moves). In the end, 30 council tenants took up new social rented tenancies in the scheme, as well as 15 housing association tenants. Others moved to council tenancies on the estate or beyond. The scheme has been viewed as a success, and indeed led to other important regeneration initiatives, including a new community centre.
- **Barton:** Oxford City Council owned a 90 acre site next to the existing Barton council estate. In 2010 we decided to progress development, and went out to the market to find an appropriate partner. We established a 50/50 "Limited Liability Joint Venture Partnership" with the successful bidder, Grosvenor, to

build around 880 homes. At the same time, clear planning parameters for the site were set, including a requirement for at least 40% social rented housing (normally the Local Plan would have required 40% social rent and a further 10% intermediate, but the high infrastructure costs, including major new roads and a new school made this impossible). The Council chose an investment partnership model which meant that Grosvenor invested in the partnership by providing the equity/expertise to deliver the planning and infrastructure. Plots are then sold to individual housebuilders. This gives a strong degree of control over design and delivery than straightforward sale of the land. Senior council officers represent the interest of the Council on the board, with their involvement “steered” by elected members as appropriate. There is a reconciliation mechanism in the event of “gridlock” on the board, which has not been used. Initially, the 40% social rented units were to be bought by the Council through the HRA, but because of the forced reduction in social rent, this became financially unviable and instead the partnership agreed to sell these units to a new local housing company being established by the Council. Different housebuilders are being brought in in phases to build the housing, and the development is proceeding on time and according to plan.

- **Oxpens:** The Council has established a new partnership vehicle (“Oxwed”) with Nuffield College (a major landowner and investor in the city centre) to lead regeneration of some low-grade industrial and former railway land near the station, with a mix of ownership (some recently held by a government agency but purchased from it; some in council ownership; some owned by third parties who we hope will sell). There is an established planning framework for the site. The Council is making a loan of £4.26 million to the new partnership, but will receive a receipt of £8 million for its land. The proposed outcome is a mixed-use scheme, but led by residential development, which will be compliant with local plan requirements for 50% affordable housing (of which 80%, so 40% of the total, will be social rented – this may well be purchased by the Council’s new local housing company). We are currently reviewing the options for bringing in a development partner. The Council and the College will retain a direct interest in the scheme during the development phase and indeed the partners may retain other elements, such as Build to Rent or the commercial elements, for their own use or to generate an ongoing revenue stream.

3. Initial reflections

In this section I hope to share some reflections on partnership working by the Council. These will particularly draw on the Barton and Rose Hill projects, as Oxpens is at a less advanced stage of development.

- A major positive about partnerships is that, on the one hand, you do not have the local authority bearing all development risk (given high land values and the size of projects, this would have been very hard for us to countenance,

although we do some smaller council-house building projects). On the other hand, you can retain much more control with a partnership, particularly an ongoing vehicle with 50% council ownership, than simply by disposing of a site and attempting to handle issues through the planning process. Indeed, the planning process is getting weaker as a means of controlling development, and securing affordable housing, and it is in my view important that councils retain a stake where they bring land to a development. Our Council is also a strong advocate of active stewardship of its property assets and retaining a partnership approach though a continuing ownership interest which is beneficial both for the Council and the developer.

- Absolutely critical is the initial discussion and agreement of terms. We were clear from the outset about the requirement to provide social rented housing – this has happened without the least quibble, but undoubtedly it would have been more difficult if this was not a “given” at the establishment of the partnership. Key issues to think about in establishing the partnership are:
 - Affordable housing (and of course being clear about future ownership of this, rent levels, and mix)
 - Design quality
 - Phasing
 - Infrastructure provision
 - Apprenticeships and local jobs as part of construction
 - Living wage
 - Any restrictions on sale (in Rose Hill, we restricted sale to multiple purchasers, but to little effect)
 - Dispute resolution mechanisms
- In each case, the selection of a partner was crucial and it was key that they were in tune with our values as a local authority. Grosvenor worked well for us – they had good references from other local authorities and, although necessarily as a commercial organisation they are different to a council, they were extremely clear they wanted a very high-quality design, and a development to be proud of. Nuffield College are also very exacting in this regard, and we have just completed a round of informal discussions with potential development partners and are clear that we have a choice of high quality partners that will share our values and will work with us on a 50/50 basis.
- Commitment of sufficient senior officer capacity (and of course strong relations with elected members) is vital. If there is insufficient officer resource to support the Board, the council’s interest could slide, and very full engagement (along with officers doing the “day job”!) is essential.
- There are some difficult dilemmas in estate regeneration nowadays. One concerns the “right to buy”. There is much to commend council ownership of housing stock, but for new schemes this represents a major financial challenge and potentially erodes the community benefits of a scheme. Third-party ownership of stock can avoid the right to buy, although some residents may be unenthusiastic about this option (whether for this or other reasons). Another is about attitudes to under-occupation. Do you allow people who are

under-occupying a property to move into a new one which is also larger than they need? Existing residents will often favour this, but it will deprive a household in greater need of a more appropriate property.

- Thought needed to be given in Barton to how existing residents on the estate would benefit from the regeneration – significant investment is being committed to community facilities, and we are also looking at favouring Barton residents for the new social rented homes as part of a local lettings plan, to integrate the communities.

4. Comments on scrutiny questions

I have been asked to look over some of your key questions and provide comment, which I have done in italics.

- A. To establish and provide recommendations on the feasibility of the proposed joint venture model of council tenants being re-housed on rent matching that of an equivalent council property and on the same terms, either on the estate or elsewhere in the borough, according to their choice;

To me, there is no obstacle at all in principle here, if the scheme stacks up financially, and if this is agreed with the partner from the outset (such agreement would be essential and it is good you are probing this at this stage). There may be some practical issues about the phasing of development (e.g. availability of property for decant) and also some residents may upon reflection decide not to return, if they are decanted because development cannot be phased so that they just move once. The one caveat is around the small differences between types of tenancy that can be offered by different landlords, although recent legislative changes have narrowed these and the gap might be narrowed further through an agreement.

- B. To establish and provide evidence and recommendations on whether the HDV can deliver a tenancy and evictions policy which protects vulnerable tenants in the same way as council tenancies do;

Again this is something that would need to be “hardwired” in to the agreement, but (with the caveat above) I do not see any obstacle in principle.

- C. To establish and provide recommendations on whether overcrowded tenants can be offered a replacement property of a size that meets their needs;

This would of course depend on the mix of property, and having enough units of sufficient size. As noted above, there is also a dilemma about how to handle under-occupation.

- D. To further establish and provide recommendations on whether the financial arrangements of the proposed HDV adequately protect the Council's interest;

This is clearly something that will need to be assessed legally, and it might be that the Council commissions external legal advice, and/or that Internal Audit reviews the scheme. However, such partnerships can certainly work for a local authority, and

indeed may protect it from risks which would occur with either a model where land is fully disposed of (scheme delays, not meeting obligations) or where the council retains full ownership and control (immediate exposure to cost over-runs and the vagaries of our over-heated housing markets). The other question with partnerships is of action to be taken if there is a failure during the development period (e.g. "step in" rights and a facility to retrieve the Council's property through a buy-back provision).

- E. To consider the impact of the HDV on the Council's Commercial Portfolio, including the impact on current businesses and those who work in them;

I am not well-placed to comment on the specifics. Our Oxpens project is a mixed-use development and we see no issues here. We also always look for trading and business opportunities for council services, while accepting these have to be competitive.

- F. To consider the impact of the HDV on Metropolitan Open Land;

This sounds like an issue for the planning process to consider. Unacceptable developments should not get planning permission whoever is building them, although of course if the applicant is a partnership where the council has a 50% stake, you have a greater element of control over this (as you do over, for instance, design quality – in Barton we rejected all first round bids from housebuilders on design quality!). You might also consider independent design review as part of the process.

- G. To consider the equalities impact of the HDV;

Several key issues are identified in your other questions (housing affordability, housing mix). Seeing development progress in a timely fashion and with replacement of social rented housing should have positive equalities impact, as would any provision of training and apprenticeships.

- H. To further establish the risks of the venture and make recommendations on whether these risks can be adequately mitigated.

As noted above, risks for this sort of partnership are probably lower than for other forms of development, but it will be important to ensure the robustness of the legal arrangements, the strength of the council's representation on the Board, the financial standing of the partner, and an appropriate dispute resolution mechanism are in place.

I look forward to discussing these issues with you on Friday.

Ed Turner
Oxford / Aston
March 2017