



Department for
Communities and
Local Government

Accelerated Construction: Local Authorities

Expressions of Interest



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Contents

Accelerated Construction: Local Authorities	4
Introduction	4
How Accelerated Construction will work for Central Government	4
Identifying suitable surplus land	5
Our offer to you	6
How you can express an interest	7
Next Steps	8

Accelerated Construction: Local Authorities

Introduction

1. The Government is committed to taking direct action to help fix the housing market and increase the supply of new homes. Making the best possible use of surplus public sector land plays a critical contribution towards this ambition, which is why we want to support local authorities to unlock greater benefits from their land.
2. We know that many local authorities are already taking a proactive role in developing out surplus land holdings in order to deliver much needed market housing to local people, help shape and regenerate local places and generate returns that can be invested elsewhere. But we also know that LAs face barriers to undertaking development activity such as a lack of capacity, funding or risk appetite.
3. Through our new Accelerated Construction programme, we now want to provide a tailored package of support to ambitious local authorities who would like to develop out surplus land holdings at pace. The programme aims to deliver up to 15,000 homes (housing starts) on central and local surplus public sector land in this Parliament through £1.7 billion of investment. In doing so, we want to use Accelerated Construction to tackle broader constraints to seeing more homes built. The programme is designed to support our market diversification objectives by supporting non-major builders and help tackle the construction skills gap, including through greater use of Modern Methods of Construction (MMC).

How Accelerated Construction will work for Central Government

4. Central government has already agreed to commit its surplus land to this initiative. Instead of selling land onto the market, we are developing potential new approaches, including for example, one which is to:
 - Identify suitable sites from within the Government's Public Sector Land programme.

- Obtain outline planning permission and undertake basic site preparation, where relevant.
 - Select a development partner (such as an SME builder or contractor) through a competitive process. The successful partner will obtain full planning permission, fund remaining site preparation costs and cover the cost of constructing homes. In some cases we may offer to reduce our developer partner's risk with indemnities in the event that homes constructed cannot be sold.
 - Share profits in line with levels agreed through the competitive process upon the sale of homes.
5. This approach offers a number of advantages. Through development agreements, we can incorporate a number of conditions to support our longer-term market diversification aims, including specifying:
- The speed at which homes are constructed – up to double the speed of a traditional development from disposing of sites directly to market.
 - Greater use of offsite methods in the construction of homes.
6. We can also look to share greater risk and reward with our development partners, allowing us to potentially benefit from higher returns upon the sale of homes than we would otherwise expect through traditional disposal routes straight to market.

Identifying suitable surplus land

7. We now want to identify how we can best work with you to unlock similar benefits from your surplus land. We are keen to help ambitious local authorities bring forward and develop surplus and / or acquired sites which:
- Can begin to deliver housing starts within this Parliament, as part of a local authority's wider housing ambitions;
 - Can demonstrate clear additionality, for example by bringing forward sites that might otherwise not be sold for housing development, and in particular sites that are not currently in a LA's Local Plan or 5 year land supply.

- Respond to meeting housing needs locally by freeing up surplus land for housing where it is needed most;
- Have capacity for 50 homes or more, or form part of a portfolio of smaller sites;
- Are not, or, subject to successful application, will not be held in a Local Authority's Housing Revenue Account. Proposals for the delivery of mixed tenure sites will be welcomed, where they meet the Government's wider objectives (e.g. Right to Buy). Proposals for the provision of serviced custom build plots are also welcomed.

Our offer to you

8. We want to support you to deliver the homes your communities need. We will seek to develop bespoke packages of support reflecting local circumstances and the land opportunities you have. The support is likely to range from the HCA carrying out Accelerated Construction on LA land to the HCA offering direct support and expertise. The HCA could also help to broker conversations between local authorities in geographical areas where there are parcels of land that could work as a package.
9. We also want to hear from local authorities on the wider blockages and barriers they face in accelerating the development of housing on their surplus land, including understanding what freedoms and flexibilities would unlock housing delivery.
10. There are also a number of funding streams which, subject to eligibility, could be open to those we work with to secure priority access. These include the Home Building Fund, the new Housing Infrastructure Fund and the Starter Homes Land Fund. In designing our support offer to you, we will ensure it complements, but does not duplicate, interventions being made under other programmes.

How you can express an interest

11. There is no single approach to Accelerated Construction that we expect to support. Our intention is to support a range of proposals at different scales and in locations where there is sufficient demand for housing. Whilst we

are not prescribing a particular format for expressions of interest, they will need to set out:

- **A clear pipeline of surplus land owned or to be acquired by the local authority which can be brought forward for housing.** This should include data and details of the location, size, potential housing capacity, current use, planning status (e.g. sites outside Local Plans) and any remediation or infrastructure requirements. It would also include setting out which sites you would prioritise for support through the programme.
- **The support and expertise that will be required to accelerate development of housing on surplus sites.** Indicate the barriers and blockages to development and broadly what capacity support and investment would help get homes started by the end of this Parliament.
- **A supportive planning environment.** We expect expressions of interest to clearly demonstrate how relevant planning permissions for sites are likely to be forthcoming in principle.

12. We expect expressions of interest to confirm that authorities are content to see land developed out through an Accelerated Construction approach – including supporting our wider objectives for the programme, such as market diversification, accelerated build out and use of modern methods of construction. We are also interested in hearing from local authorities who wish to work together across geographical boundaries to deliver homes.

Next Steps

13. The HCA will be in touch to discuss this proposition with you.
14. Expressions of interest should be made by email to AcceleratedConstruction@hca.gsi.gov.uk by 28 February 2017.
15. For London, a separate engagement process is underway, involving London Councils and the Greater London Authority, due to its unique housing market and organisational context.
16. Once we have established interest from ambitious local authorities, we will decide how best to work with local authorities in order to best deliver the objectives of the Accelerated Construction programme, including through the development of tailored support packages.

17. Any final decisions on which expressions of interest to support will be made by DCLG Ministers in the light of advice from DCLG and HCA officials.