

# JOINT ENTERPRISE

How partnerships between developers and non-profit making landlords are boosting house building and making the sector more robust

## Chris Miller

DIRECTOR OF DEVELOPMENT, MIDLAND HEART

It's about knowing your strengths. We're a housing association – we don't see ourselves as a developer. We think it's more efficient to work with companies who specialise in construction.

One of the things about a section 106 agreement is you're limited on the stewardship of developments because you're just providing a quota of affordable housing.

If you stay involved in a scheme you can have more of a say in who lives there.

## Keith Carnegie

CHIEF EXECUTIVE,  
BOVIS HOMES' PARTNERSHIP HOUSING

The traditional model of a house builder offloading the section 106 agreement to a registered provider (RP) is quite old-fashioned. But there are changes going on. On bigger sites it's difficult to make them work, the return on capital puts off a lot of major house builders. A JV [joint venture] with a housing association helps to de-risk these schemes.

It's also about the long-term stewardship of the developments,

which housing associations can do. Traditional house builders don't understand the RP language, which JVs can help to address.

JVs are expensive. They need scale to work, and trust, which can only be gained by knowing what each participant can bring to the table, and what it can get out of it.

Social media has fundamentally changed our sector. It has created a corporate social responsibility which wasn't there before.

Back row, l-r:  
Chris Miller, Michael Park, Mark Cook, Rico Wojtulewicz, Peter Williams, Marcus Keys, Martyn Johnson, Simon Wingate, Richard Brooks, Keith Carnegie

Front row, l-r:  
Simon Liverage, Victoria Jardine, Lucy Blasdale, Dave Robertson

## Simon Wingate

REGIONAL PARTNERSHIPS DIRECTOR, LOVELL

Our parent company, Morgan Sindall, has JVs with local authorities where they're looking to create more revenue off their assets. They work with us because we



have the skill set. A JV needs to be about solving a problem, and bring forward developments at scale and pace. A strategic partnership is about drawing up a way of working together with a housing association or a local authority with the aim of de-risking a development.

Modular building is sometimes 20 to 30 per cent more expensive than traditional build because of the low volume of orders. Driving volume can only be done by having smart partnerships between the private sector and housing associations.

## Simon Liverage

OPERATIONS DIRECTOR, WILLMOTT DIXON

We work with local authorities and smaller housing associations who don't have the expertise. Under the Scape purchasing framework, which we're part of, there are 260 KPIs [key performance indicators]. If you don't hit the KPIs you won't do any more schemes with them. You have to look at things like community engagement, the number of trainees you employ, skills hubs and community projects.

## Marcus Keys

GROUP BUSINESS GROWTH & TRANSFORMATION DIRECTOR, FUTURES HOUSING GROUP

We bring cheap finance and different exit routes for house builders. We do a small amount of market rent, sale and shared ownership. We're bidding for 40 to 60-home sites on the open market, and are securing them. Local authorities want to see organisations with a vested interest in an area over the long term, rather than one which builds and then leaves.

We're competing with major builders when it comes to purchases. We're upped our land buying: the next step is having larger sites.

## Victoria Jardine

PARTNER, ANTHONY COLLINS SOLICITORS

The relationship between housing associations and developers can suffer if there's misalignment at



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the beginning. We've had JVs which were drafted on the back of a fag packet because everyone trusted each other, then the people changed and it all fell apart.

Housing associations need to be realistic about their own internal bureaucracy. We've seen projects where things change and housing associations say 'don't worry, we've got a board meeting in eight weeks, we'll talk about it then'. You can see the whole room deflate.

## Rico Wojtulewicz

HEAD OF HOUSING AND PLANNING, NATIONAL FEDERATION OF BUILDERS

Around 60 per cent of our membership works with housing associations. Small associations come to our members because of their expertise.

We need to build 80,000 more homes per year. That can only be done with the help of SMEs and training staff. Four out of five construction apprentices are trained by SMEs. Our members try to retain the trainees, but you can only do that if they've got work. This is why our members are keen to get involved with housing associations, because it can provide a good pipeline of work.

## Lucy Blasdale

HEAD OF LAND - MIDLANDS, HOMES ENGLAND

We need a multi-tenure approach; the mixture of PRS [private rental sector], affordable and market sale. The rates these partnerships are paying for sites is lower because it's less risky, meaning they're beating the plc builders.



Modular construction is quite challenging, it works well in the South East where labour costs are higher, but as you go further north it gets less cost effective. Modular construction only works well for private rental sector and affordable housing because the private sale market is too stop-start. The more units going through the factory, the more affordable they become.

**Dave Robertson**

PARTNER, ARCADIS

We need to align the aims and objectives of the partners from day one, otherwise you end up with a transactional relationship; you need a 50/50 transparent relationship. You can't have a joint partnership purely as a way to secure funding, that won't work.

Modular construction is quicker, but schemes are being held up by issues over utilities. We need to get to a situation where the car makers are, where we can store excess units in fields and provide a service where customers choose specific designs.

**Richard Brooks**

PARTNER, ANTHONY COLLINS SOLICITORS

Social media is helping to create community more strongly than ten years ago. In the future it'll be about how much community infrastructure goes around these developments. We need to scope out how much of a role people living in the developments play in creating a community. The most successful JVs are when organisations provide as much as they can to enhance the scheme.

**Martyn Johnson**

ASSOCIATE LAND DIRECTOR,  
MIDLANDS, COUNTRYSIDE PROPERTIES

Our strong partnership with Midland Heart brings in the funding that's required to build good quality housing. That helps us to create housing for market sale. There will always be room for the plc model to work. We provide PRS development for Sigma Capital, another strategic partnership.

**Michael Park**

BUSINESS DEVELOPMENT MANAGER,  
SIGNATURE NEW HOMES

Galliford Try has seen working with us as a way to de-risk. We're trying to get to around 100 units per year. We need to be open to looking at different ways of working and securing funding. There's plenty of land out there, but there's also a lot of competition too. Housing associations have a lot of funding available.

**Peter Williams**

HEAD OF STRUCTURED FINANCE,  
SANCTUARY GROUP

We're attempting to deliver 30,000 units over ten years, and can't do that by ourselves. We've had a JV with Galliford Try; they know how to build houses and sell them and we can get the funding. We've created around 800 units in this way.

**Mark Cook**

PARTNER, ANTHONY COLLINS SOLICITORS

I've seen developers have different relationships with different local authorities, depending where in the country they are. They may be next door to a local authority which is much more entrepreneurial, but their experience is entirely different. Some examples, such as Bristol, look at outcomes instead of getting too involved in the politics. As long as houses get built and they are owned by the community, they are happy. But they are the exception rather than the rule. ■

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