

## **Consultation on the institutional structure for the delivery of the Government's housing and regeneration programmes**

1. The BCSC (British Council of Shopping Centres) was established in 1983. It currently has 1,750 members involved in developing and managing retail property. The BCSC supports the Government's objective for sustainable communities set out in PPS6 for promoting town centre development and its commitment to promoting mixed-use developments.
2. The BCSC welcomes this review into the delivery of the Government's housing and regeneration programmes as it considers that the two strands of Government activity should be effectively coordinated and integrated. Our submission concentrates on the first three points on the press release, because as major investors in the urban environment, our members believe it is important that an effective planning and funding framework is in place which facilitates private sector investment in mixed-use mixed-tenure development.
3. Retail developers, investors and managers are playing an increasing role in the provision of housing because of the Government's policy to create mixed-use development. More recently, with Planning Circular 05/05, the Government strengthened the position of local authorities in negotiating affordable housing through a section 106 agreement as part of a planning permission. These policy developments are taking developers and managers into a new sphere of activity. We estimate that over the next 15 years about 45,000 homes are to be built as part of shopping centres, about 30 per cent of those homes are likely to be affordable – either social rented or some form of shared ownership.
4. This new area of activity requires developers and managers to create a new set of relationships and incorporate a series of even more complex funding arrangements in their schemes.
5. While the Government is developing a policy framework to create mixed-use, multi-tenure developments, a delivery framework is required to ensure that the policy objectives are achieved in the most efficient and streamlined way. The Housing Corporation and English Partnerships have an important role in facilitating the Sustainable Communities plan. The Government has to recognise that new shopping space will be required as part of the major housing programmes being taken forward as part of the Sustainable Communities Plan. The shopping space should be planned into the schemes from the outset.
6. The Housing Corporation receives a Government allocation to support affordable housing provision across England. More recently, its funds have been concentrated in the wider South East where a considerable proportion of the major new development is being planned. The Corporation has also begun to give private companies the opportunities to bid for funds to deliver affordable housing.
7. EP is a major landowner – particularly in the New Towns. It is increasing its land banks, taking over land from public agencies such as the NHS and the Ministry of Defence to promote new development. Inevitably the major new housing schemes will require new shopping and many of the existing town centres will require redevelopments to provide additional modern shopping space. The redevelopments in Bracknell and Harlow are probably the first of many. EP has a broad objective to secure affordable housing. It sells sites to developers. Other

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- partners then come in to provide the housing – particularly a house builder and a housing association. The association secures funding from the Housing Corporation to provide the affordable housing. The local authority also has a key role in determining the level of affordable housing required for planning approval.
8. Research by the BCSC shows that the development process from inception to the opening of a major new retail development takes on average 11 years. If this process were streamlined, the process would be shorter, developers would have greater certainty and costs would be reduced. There is a risk that with the diverse set of partners and agreements, which are now required this process could become even longer.
  9. Over the last couple of years, EP and the Housing Corporation have been working more closely together, but this has yet to produce the effective integration of landownership and funding. The Corporation has started making longer term funding allocations for up to two years. In exceptional cases allocations are made for specific larger sites. It is also working more closely with regional agencies to help implement local priorities.
  10. There are strong arguments therefore for merging the grant giving role of the Housing Corporation and the landownership/assembly role of EP to simplify this process. This merger should be combined with a review of the way affordable housing is supported within commercial/retail developments. It is important that local authority requirements, Housing Corporation funds and developer contributions are effectively combined within schemes.
  11. A new funding model is required, which reflects the mixed uses envisaged in a scheme. There are advantages for retailers to incorporate housing within their schemes but the method for valuing a housing scheme is different to a shopping scheme. Housebuilders tend not to hold their schemes seeking a one-off return when the homes are sold. In contrast retail developers/owners expect a return on their investment over several years mainly through rental income and capital uplift. Social housing has a negative value, which needs to be included in the development calculations. Some investors will also envisage that the inclusion of social housing will affect the overall value of the scheme.
  12. Retail developers and managers are experienced at working with retailers on maintaining the shopping environment and particularly the public spaces. Working with housing associations, tenants and leaseholders, poses a major challenge and requires a far more complex set of arrangements, which need to be established from the outset with the housing association part of the design and planning process. Effective partnership arrangements are required. Any new integrated regeneration agency might consider setting up a consortia to oversee the development and management of mixed-use schemes which involves the various delivery partners.
  13. The Government is committed to increasing the housing supply as part of mixed-use, mixed-tenure developments. Retail developers and owners are adapting to the new requirements. An effective financial and management framework is required to facilitate their contribution. If this is not in place, there is a danger that overall activity will slow down further.