



# **BUILD TO RENT SOLUTIONS FOR THE SOCIAL HOUSING SECTOR**

HTA DESIGN LLP

November 2017





**WE ARE...**

**hta**

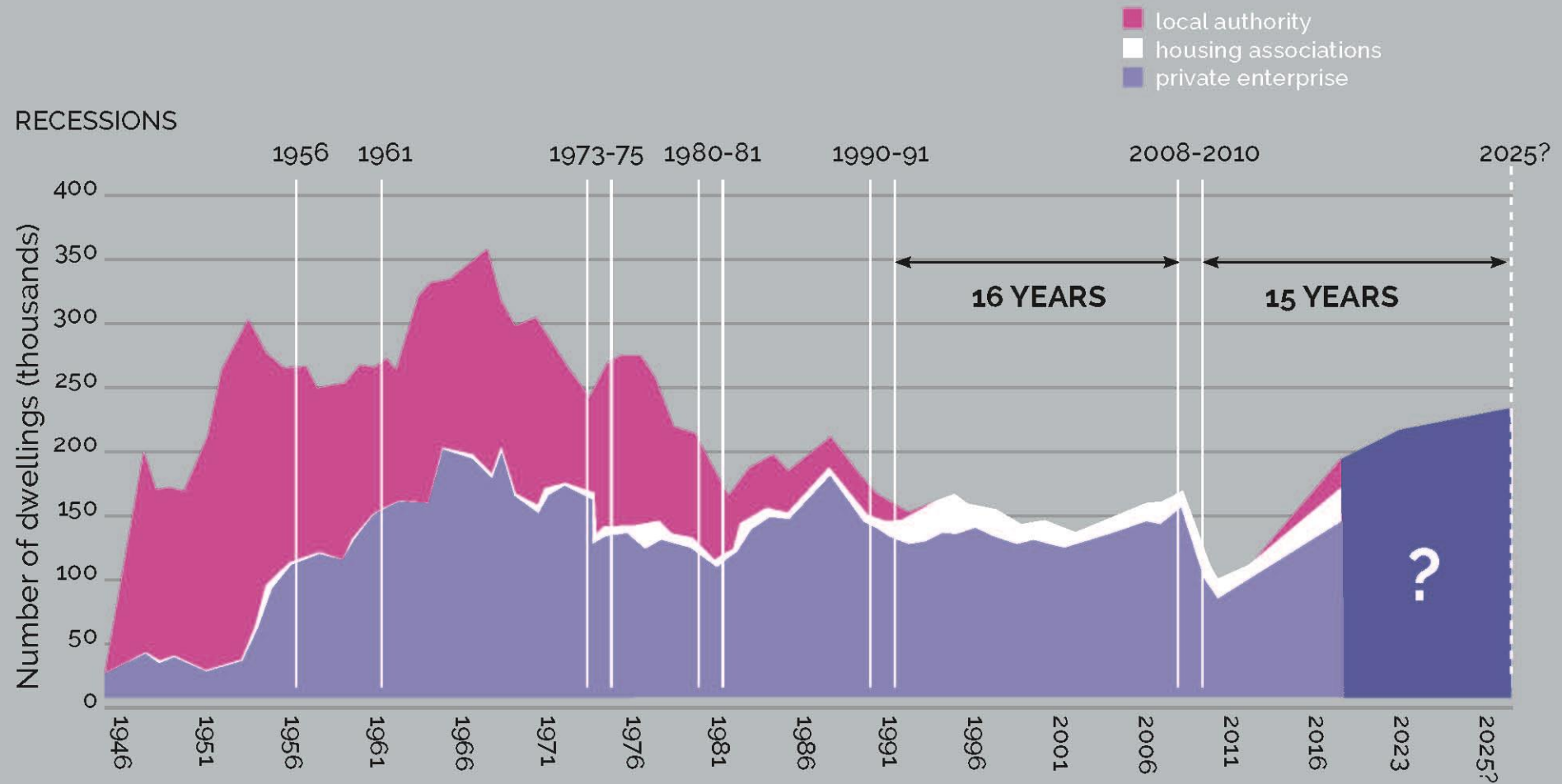




# RECESSIONS



## THE CLOCK IS TICKING – Next downturn likely in 8 - 10yrs



# THE ACCIDENTAL 'PRS' LANDLORD

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# LOOKING FOR SOLUTIONS

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2010



2013



2015



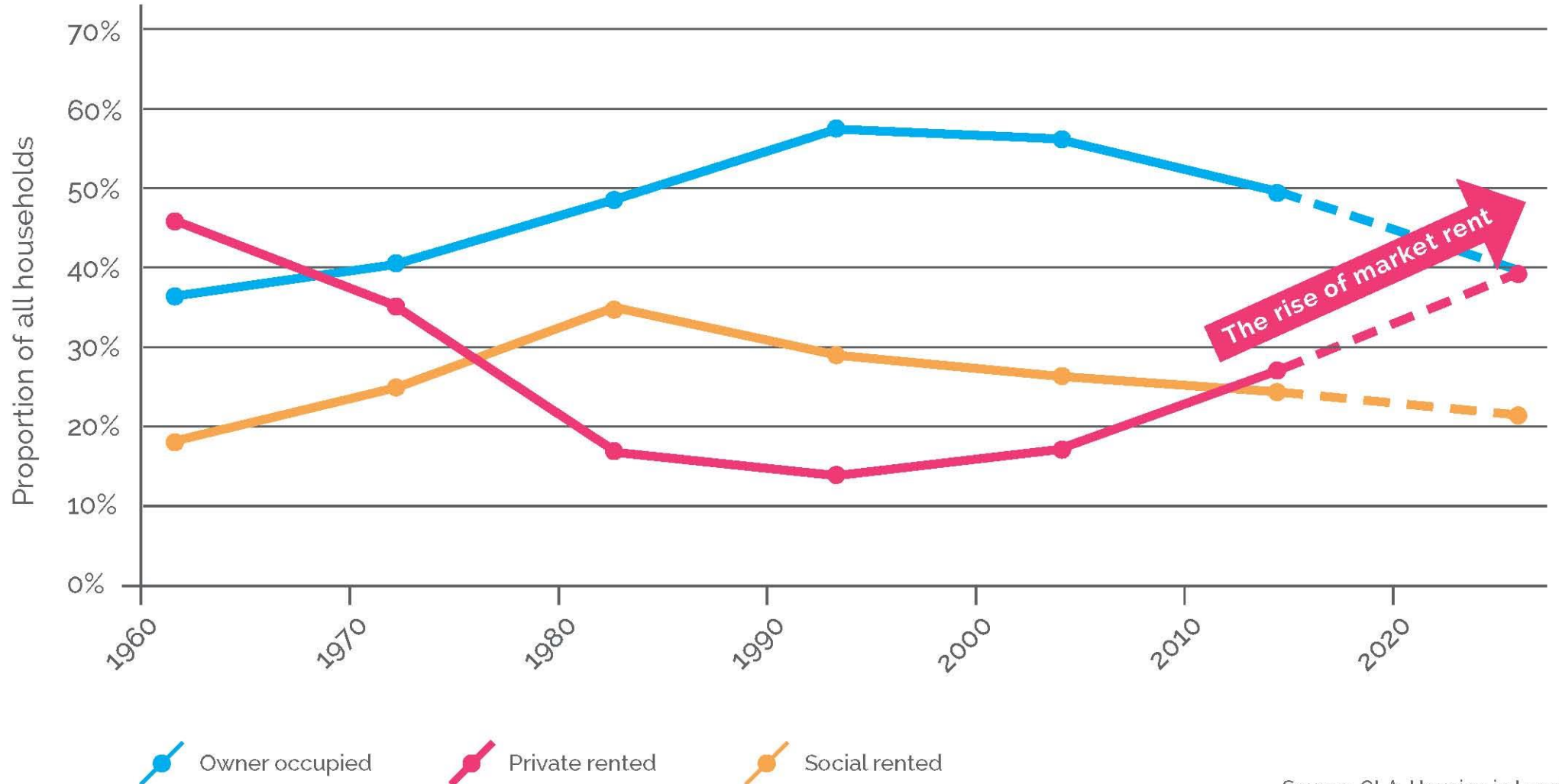


# THE RISE OF MARKET

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## TENURES

Decadal trend in household tenures, London 1961-2011, with PwC projection to 2025



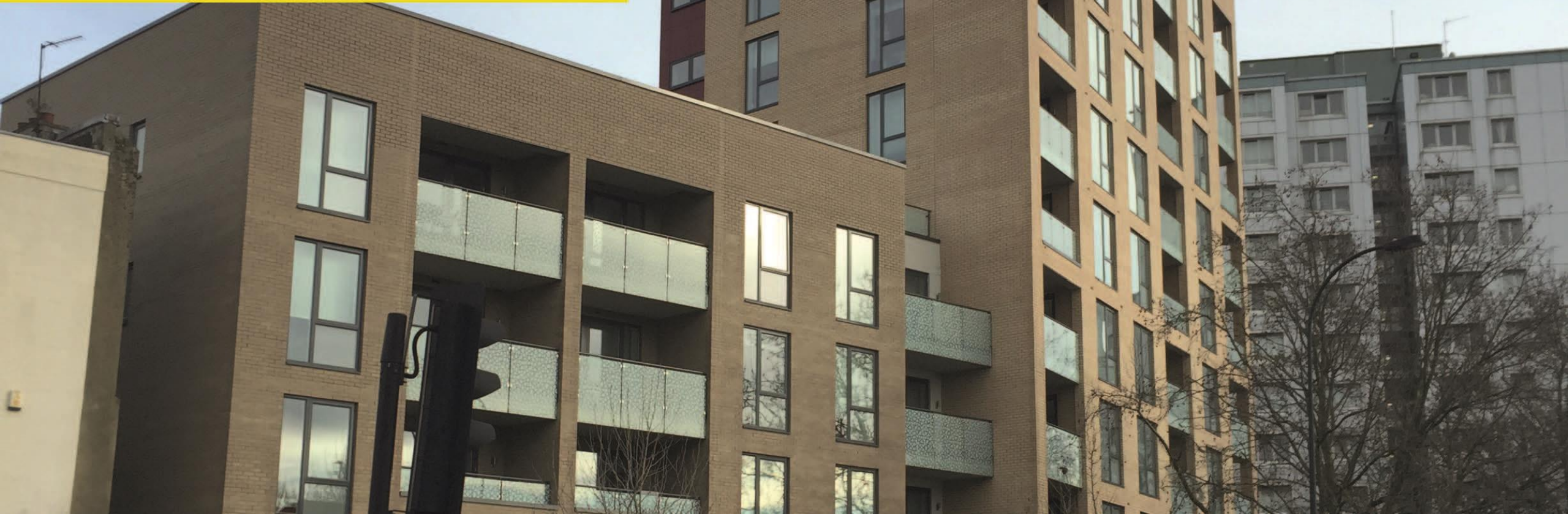


**EARLY DAY PROJECTS**

**PRS**

**'LANDLORD AND TENANT'**

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# DESIGN FOR CHANGE

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# LEARNING FROM THE PRIVATE SECTOR



**BUILD TO RENT**

**'OPERATOR AND CUSTOMER'**



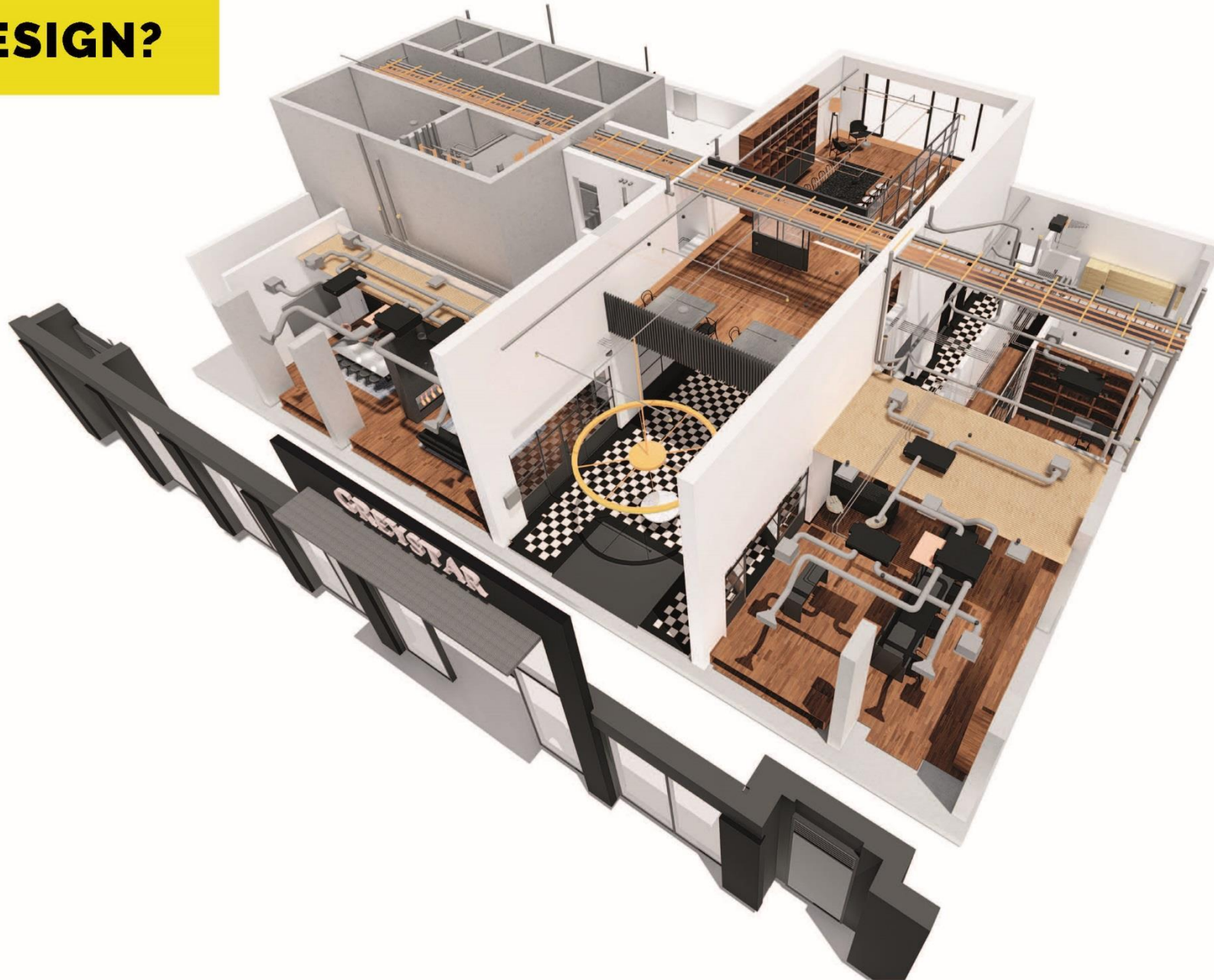


# SERVICE DIFFERENTIATORS





**BESPOKE DESIGN?**





# TAILORED APPROACHES?





# THE RISE OF MULTI-TENURE DEVELOPERS

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Richard Jones market view



## A paradigm shift in housing delivery

**Richard Jones**, partner at Arcadis, looks at the changing residential model of the housing associations towards a multi-tenure world that could thrive in the face of recessions and improve sustainability

One of the common themes of my articles over the past couple of years has been the changing residential developer landscape. The emergence of the residential multi-tenure developer (predominantly the major housing associations moving into mainstream development) has grown in momentum, reflected perhaps by the fact that housing associations are now

should provide a level of flexibility that not only provides a solution but also creates an opportunity to establish a much more solid and sustainable residential delivery model, not blighted by the boom and bust cycle characteristics. This model has the ability to be counter cyclical and potentially could maintain housing output during those traditional downturn periods – the solution being to

As these organisations emerge, one of the biggest challenges will be how they will attract the best talent available. Historically housing associations have been unable to compete with the remuneration packages offered by the private sector.

One way, as part of a wider risk mitigation package, will be to expand on what is already happening for these types of organisations where leveraging the skills of the private sector experience and expertise through joint venture working with contractors and consultants can directly benefit their business models. This allows the housing association (developer) team to remain lean and efficient and, provided the relationships are incentivised in the way the best agreements are, gives the confidence that the best skills are being utilised



# USE IN REGENERATION

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# WHO ARE WE HOUSING?

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Single



Sharers



Couples



Families



Newly single



Downsizers



Elderly



Multi-generational



## USE IN MIXED DEVELOPMENT

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# FUTURE OPPORTUNITIES

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# FUTURE OPPORTUNITIES





**THANK YOU**



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# **Exploring flexible PRS solutions for the social housing sector**

Client perspective – Genesis Housing  
Association  
(Julian Higson)



# Genesis PRS portfolio

- 33,000 homes in total
- 1000 Build to Rent PRS
- 650 Intermediate market rent
- 1400 Key worker units
- 700 PRS pipeline



# Why do we build/manage PRS?

- Set of clearly understood drivers:
  - 21<sup>st</sup> century housing provider
  - Meet demand in SE across all tenures
  - Mixed tenure – place making
  - Flexibility of tenure change
  - Profit for reinvesting
  - Attract institutional investment
- Contrasts with other approaches in HA sector eg Fizzy/Folio



# Example: Stratford Halo

740 mixed tenure units (401 PRS)





# Example: New Hendon Village

Grahame Park regeneration –  
3050 new homes

Phase 1: 143 homes (88 PRS)





# Example: City Park West (Chelmsford)

Phase 1: 219 homes (74 PRS)  
Phase 2: 426 homes (317 PRS)





# Example: **Mildmay** (Shoreditch)

- 139 homes (94 PRS)





# Example: Madeley Road (Ealing)

50 homes (25 PRS)





# Genesis as PRS client – what's important to us?



- Work with partners that understand our drivers for PRS (and mixed tenure)
- Work with partners with experience of effective delivery in similar projects
- Work together from outset – end product evolves



# Architects and designers

- High quality design – place making
- Design for flexibility of tenure
- Ability to refresh/update in a changing market
- Design for maximum yield
- Understand role of management and on- site amenities for PRS offer
- Commercial strategy



# Builder/contractor

- On time and to budget
- On board early
  - Advice on practicalities, costs, materials etc.
  - Joint work on management strategy and facilities
- Site management/reputation
- After care
  - Moving buddies
  - Seamless integration to client HA
  - Maintenance and defects strategies/manuals
  - SMART homes

# **“It’s a journey” – learn by doing**

- Last 10 years have been challenging but exciting
- Can’t stand still - ever evolving product
- Now about to deliver Oaklands
  - 640 homes with QPR
  - 1<sup>st</sup> development at OPDC (25k homes to follow)
  - Detailed partnership – client(s), architects, designers, EA, contractors









# **BUILD TO RENT HELPING CLIENTS TO DELIVER**

Paul Cooke, Higgins Construction

**Higgins**



# ABOUT ME

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- Paul Cooke FCIOB CEnv – Director of Higgins Construction Plc
- Nearly 40 years in the construction industry
- Last 30 years involved in housing delivery and estate regeneration
- Director for the last 20 years with Higgins

# ABOUT HIGGINS CONSTRUCTION PLC

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- Housing and Estate Regeneration Specialists – part of Higgins Group Plc
- Family owned business formed in 1961
- London and South East Regional Contractor / Developer
- Group Turnover for 2016/17 – £300m



# BUILD TO RENT EXPERIENCE COMMERCIAL ROAD

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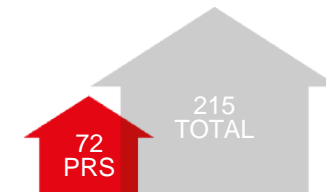
Build to Rent Contracting Successfully

| Paul Cooke, New Business Director

CLIENT



UNITS



STATUS

COMPLETED



# BUILD TO RENT EXPERIENCE

## BOW RIVER VILLAGE PHASE 1

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CLIENT



UNITS



STATUS

COMPLETED

**Higgins**



# BUILD TO RENT EXPERIENCE

## CENTRAL CHELMSFORD

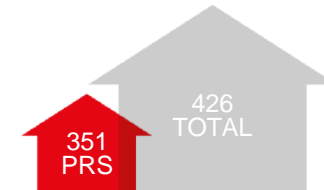
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CLIENT



UNITS



STATUS

UNDER  
CONSTRUCTION

**Higgins**



# BUILD TO RENT EXPERIENCE

## BOW RIVER VILLAGE PHASE 2

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CLIENT



UNITS



STATUS

UNDER  
CONSTRUCTION

**Higgins**



# BUILD TO RENT EXPERIENCE WOODDENE

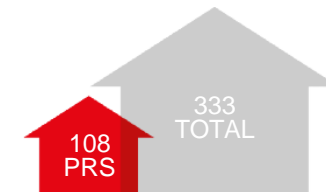
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CLIENT



UNITS



STATUS

UNDER  
CONSTRUCTION



# UNDERSTANDING THE CLIENT

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- Client drivers – long term view, cashflows, specification
- Potential to drive construction cost economies through standardisation, building efficiencies and specification
- Use to kick start regeneration / mixed tenure schemes
- On site space for building Managers and or a letting / marketing office
- Amenities need to be awardable for first residents i.e. bike stores, concierge, parking, etc.



# UNDERSTANDING THE CLIENT

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- Whole life costing approach
- Ease of running and maintaining the building
- Planning for tenancy changes to allow quick turnover and reduced void timers
- Key programme dates and efficient handover processes
- Clear communication and clear understanding of Client processes

# MEETING THE DEMAND

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- Current issue with resources
- Uncertainty of future impact of Brexit
- It's all about delivery – on time, to budget, right quality first time and safely
- Modular Building and Component Standardisation
- Planning projects to meet the Clients optimum financial model



# HELPING CLIENTS HAVE A FLEXIBLE APPROACH

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- Building design and form of construction to facilitate flexibility
- Unit sizing aligned to tenure type
- Standardisation of components and a focus on whole life costing
- Recognising that tenure types may change during the Construction stage
- Ensuring the Contractor facilitates flexibility not prevents it

# ASSISTING WITH SALES AND LETTING

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- Marketing early to ensure voids are limited
- Using our own Development knowledge to help let properties
- Facilitating prospective tenants inspection visits
- Safe, clean and attractive accessibility to show units
- Providing accurate information for Letting and Marketing information and completion dates



# SPEED AND PHASING

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- Delivery of units on time is critical especially where pre-lets are secured
- Commitment and delivery of agreed completion dates
- Ensuring amenities available for first Lets
- Utilities all operational including Wi-Fi, CCTV, security, etc.
- Phasing handover to suit clients letting and funding programmes

# SUPPORTING OCCUPATION AND AFTER SALES

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- Detailed handover schedules
- Testing, commissioning and building manager training
- Information packs for residents
- 24/7 call out service for any faults / defects
- Real time reporting to the Client against agreed timescales



# SUPPORTING OCCUPATION AND AFTER SALES

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- Input to maintenance planning and whole life costing feedback
- Helping residents to get established in conjunction with Clients building manager
- Identify any additional support needed:
  - Fixtures
  - PAT testing older appliances
  - Supporting moving in days with rubbish removal, lift protection, controlling door entry, etc.
  - Translation services
- Customer satisfaction surveys and follow up to help shape future schemes

THANK YOU FOR LISTENING

