

ESTATES GAZETTE

UKR

2ND JULY 2011

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EDITOR'S COMMENT

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A resi-led regeneration revival

The private rented sector initiative, kicked off by the Homes and Communities Agency two years ago, has never delivered. Institutional money has never moved in a serious way into residential property. And all the while the UK's housing shortage has worsened.

Some are said to be poised; Aviva's name crops up more than any other. But no conspicuous progress has been made. Meanwhile, the house build rate is at its lowest since 1923. Some 31,000 fewer houses may be built every year as a result of local authorities cutting their housing targets, BNP Paribas Real Estate said last week. And

while banks may be easing their lending criteria, getting a mortgage remains a pipe dream for many first-time buyers.

But a most unlikely white knight is on the horizon. UK Regeneration, which emerged last autumn from the ashes of BURA, has committed itself to building 20,000 homes by 2020 (p41). And in case anyone suspects this is no more than a soundbite dressed up as a

target, it has sufficiently heavyweight partners on board for its ambitions to be taken seriously.

On delivery, it is working with Wilmott Dixon and Workspace. On design with Red Box. On advisory with Jones Lang LaSalle and Eversheds.

But with all due respect, it is UKR's other collaborators that add the real ballast: moneymen and ministers are also onside.

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Barclays Capital, led by Brendan Jarvis, is sourcing investment – a mixture of debt and equity. Interest is said to be real and with Hong Kong Chinese entrepreneur Sammy Lee investing in Pinnacle Regeneration Group only last week, there is precedent.

Ahead of his appearance at the Communities and Local Government select committee's regeneration hearing on Monday, housing minister Grant Shapps has endorsed the project. He described UKR's approach as "innovative" and said: "This will sit well alongside government efforts to take a new

approach to regeneration."

Read between the lines: Shapps is saying the traditional regeneration model, reliant as it was on public funding, is dead. It now needs to be led by the private sector. And to win government support (in the form of easing red tape rather than cash) projects must support ministers' much-trumpeted growth agenda (p45).

Three local authorities – one in the North East, two in the South East – are being considered for pilots. And it is their participation that is crucial to the success of what is a very different model to all that have existed in property previously.

The model sees UKR borrow a technique from the film industry. A framer document sets out a series of preconditions that local authorities must meet to be considered by the UKR team. Regeneration benefits must be clear, for instance, and there must be a commitment to expediting planning permission. If they pass the test, UKR will take their land on a buy now, pay later basis.

The developments themselves will not consist of affordable housing in a social housing sense, but they will consist of affordable homes designed for a generation with different ambitions to the last.

Schemes will be mixed-use, with the residential accounting for 70%. "They will be high-quality and make renting a positive choice," says UKR chief executive Jackie Sadek.

That last sentence is key.

While delivery matters and is how UKR will be judged, it is aiming far higher. It wants to create a powerful brand in a sector that lacks them – consumer branding consultants will be appointed. It wants to promote renting as a positive choice. And it wants to create a socially-led model for residential development that, if successful, will be nothing short of transformational.