



## Guidance – the development process

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This guidance considers the following areas:

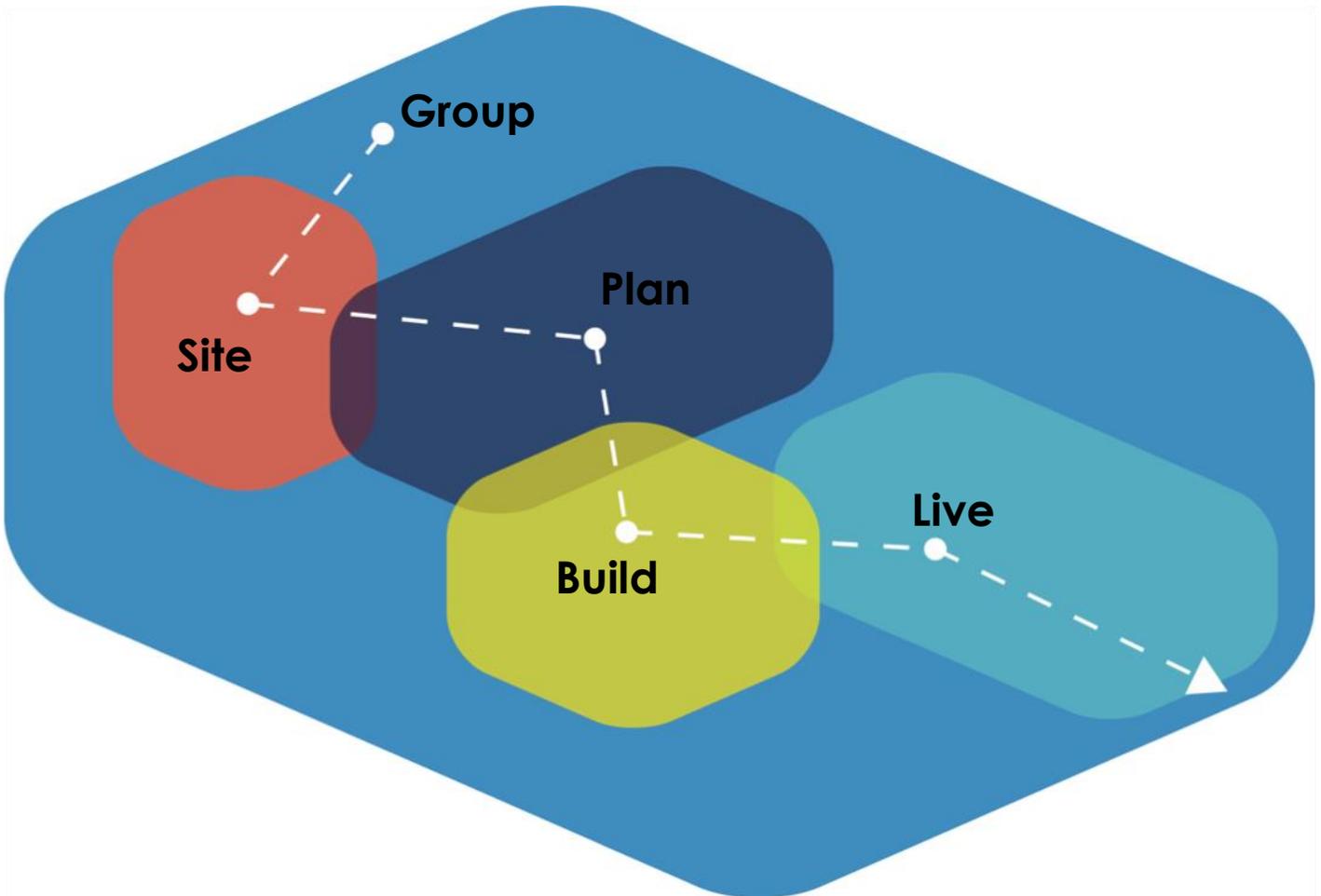
This guidance is about site finding for a community-led housing organisation, looking for a site on which to fulfill its development ambitions. It relates to **P1 The Development Process** in the **Community Led Homes Programme**.

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## 1. Total Process Diagram

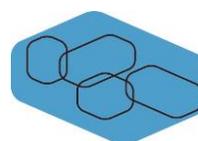
This diagram has been devised to illustrate the various stages of a community led housing development and how they fit together. Each element is later further broken down in the course.

The diagram also illustrates how all the stages of the whole process work together, within the domain of the Group.



## 2. What is the Total Process?

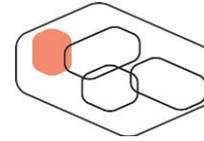
- The 'Total Process' is a framework that has been produced to create some commonly understood terms to the stages of the development process for community led housing projects.
- The framework enables the process to be seen in its entirety so that the initial project plan can consider the issues throughout the project, including the funding required at each stage.
- The total process applies to all forms of development, be that new build, self build, refurbishment, regeneration etc. Where we have used the term 'site' this can also cover a property; where we say 'plan' this can also apply to a planning refurbishment and building control requirements, and where we have used the term 'build' this can include rebuild/refurbishment works.
- Each of the stages build the strong foundation for the next, inherently building in risk management into the total process.
- The 'Total Process' has been illustrated with the 'Group' stage being a wrapper as it is both the core that distinguishes community led housing from its mainstream counter-parts and it is the whole essence that runs throughout every stage of the development process.
- The other functions of Site, Plan, Build and Live are akin to those you would expect to be the normal flow of industry standard housing development or redevelopment.
- Sometimes groups will form around a site or developer-led opportunity, but the Group function is key to taking this forward.
- First we will walk through the functions within each stage and then look at the costs, funding and key risks in each stage that will then enable groups to make decisions on which delivery route they wish to take.



#### Functions

- define purpose & common values
- accountability/membership
- legal constitution options & setting up
- democratic/consensus decision making
- clarity of roles and responsibilities
- development training: costs, risk, tenure options; partnership options; local plan policies/political context; community led plans / community engagement
- outline business plan & budget
- identifying & negotiating terms of finance
- negotiating partnership terms
- ongoing independent support to group throughout project

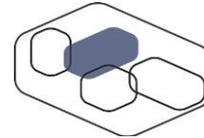
Costs	Funding	Risks
Legal incorporation	Grants for group support and set-up	Self-financing can limit membership
Technical Advice	Self-financing	Without technical support may fail to transition to site stage
Independent social enabler	Pro bono support	Investment readiness requires sound business plan
Member recruitment		Legal structure needs to work for group's ambitions
Training		



**Functions**

- site finding based on group's criteria
- valuation
- development appraisal of site/building
- pre-planning advice
- site investigations
- sketch scheme layout
- financial feasibility/viability
- risk evaluation
- competitive bidding/procurement
- negotiating an interest in land/property
- acquisition options
- due diligence
- sourcing finance for site purchase/option/lease
- purchase/lease/option
- insurance

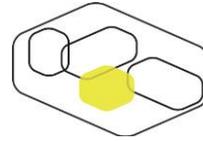
Costs	Funding	Risks
Full site price, option fee or deposit	Land banking facility	Lending unlikely on sites without planning due to risk
Professional fees e.g. architect; Quantity Surveyor (QS); valuer	Loans for site purchase (e.g. social investors)	Costs at risk but can be capitalised into project
Site survey fees e.g. topographical	Grants for site stage advice and fees	Quality of advice / appointment of consultants
Legal fees	Crowd funding / community share issue	Speed, skills and funding required to acquire sites
Taxes: Stamp Duty Land Tax (SDLT) & VAT	Pro bono support / at risk arrangements	Conditions on funding
		Fail to acquire sites and get stuck at this stage



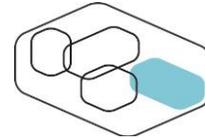
**Functions**

- scheme design
- working up planning/building control application
- appointment of project manager/surveyor
- financial feasibility/viability update
- build options inc. custom build
- specification/Employers Requirements/schedule of works
- contract options
- negotiating & securing development finance
- value engineering
- agreements with Local Authority
- utility supplies
- budgetary control
- risk assessment including health & safety
- agreeing contract

Costs	Funding	Risks
Professional fees, e.g. architect; QS	Grants for plan stage advice and fees	Costs at risk but can be capitalised onto project
Planning application fees	Pro bono support	Conditions on funding e.g. secure interest in site
		Costs may exceed funding available
		Specialist advice required
		Gap between planning consent and start on site – funding for detailed plans



Functions		
<ul style="list-style-type: none"> <li>• building homes and site infrastructure</li> <li>• services provision</li> <li>• cost control - quantity surveyor</li> <li>• quality control - clerk of works</li> <li>• contract management</li> <li>• budgetary control</li> </ul>		
Costs	Funding	Risks
Build costs – stage payments	Development Loan from sector lender, social investor or Homes England (Home Building Fund)	Lack of bridging finance
Professional fees, e.g. architect; QS; clerk of works	Grant for affordable housing (start on site & completion stages)	Prohibitive financing costs mean schemes unviable
	Grant for infrastructure works	Sufficient committed members to proceed
		Quality control – clerk of works
		Significant cost increases if late changes in specification
		Contract management



### Functions

- occupation - rent, own
- on going management
- ongoing budgets - service charges; sinking fund
- ongoing membership - sales & relets
- democratic/consensus decision making
- loan repayment
- building & site maintenance

Costs	Funding	Risks
Legal fees	Mortgages	Sales risk
Ongoing repair costs of rental properties, communal areas, sinking fund	Long term rental loan	Loan to value issues
	Self financing	Uncertainty of completion date for moving from existing homes
	Service charges / ground rents	Interest rates
		Ongoing responsibility for grant
		Ongoing repair costs, sinking fund

## 8. Local Authority Engagement

- The local authority has a number of different roles that it is important to understand.
- Usually the initial contact is with housing, housing enabling or community development officers to gain their understanding and support for a project at an early stage. They can be key to linking with both other officers and elected members.
- Elected members are usually critical to gain support from for a proposal in their local area, and should be involved at the earliest opportunity. In fact, they can be just as good a 'front door' to local authority engagement in a project and can help to galvanise wider support. Your local authority will probably have a portfolio holder for housing, or an equivalent.
- These relationships will run throughout the project and beyond, and groups will need to be aware of the resource implications of maintaining these critical relationships and communication routes.
- As well as housing or community staff, a Group will also liaise with the local authority planning team, and possibly the legal team too.
- Within the planning process, a Group may also be required to liaise with specialist tree, environmental, heritage and conservation staff. These all represent different agendas within the wider planning framework and they do not always see things in exactly the same ways, so flexibility and negotiation may be required on the side of the Group and its project partners.

## 9. Wider Community Engagement

- Getting support from the local community is critical to a project being successful in both its development and becoming part of the local community.
- Where projects are locally based this should be easier, with potentially membership coming from that community.
- For other projects, as soon as a site is identified (or at least secured) a plan for engaging with the local community should be produced and acted upon.
- Wider community engagement should be considered an ongoing process throughout the stages of development.
- If your Group includes local people who are likely to live in a successful project once it is finished, they can be some of the greatest advocates for the scheme within the wider community. This can be especially helpful in the site finding and seeking planning permission stages.

## 10. Navigating the Planning Process

- **Local planning policies** are the main set of rules against which planning applications are considered. Any proposed development will need to be compliant with local policies in order to be approved.
- Groups and advisors should both be familiar with the local planning policy documents prior to looking for a suitable site.
- The development control team of a Local Planning Authority (LPA) considers planning applications. Some LPAs will provide pre-application advice on sites for a specific fee.

Others may have a policy of providing free pre-application advice for community led housing projects.

- The LPA's local plan contains a set of policies on how land is to be used in its area, including its policy on additional housing, having had regard for the national planning policy framework. The local plan must identify enough land deemed to be suitable for development as housing to meet at least five-years' worth of planned growth. These are known as 'allocated' sites and are listed in the plan, having been identified by undertaking a strategic housing land availability assessment (SHLAA). Other sites (called 'windfall' sites) can be proposed as housing and may get approval if the LPA is struggling to achieve its housing targets.
- LPAs also produce detailed guidance on how to comply with key planning policies, for example affordable housing. This is called '**supplementary planning guidance**' (SPG).
- **Outline planning permission** means approval for less than the minimum six matters needed to start construction. This maybe used where a site is considered a greater planning risk to obtain the principle of development before more expensive design work is undertaken. When granting an outline planning permission, the LPA will place a condition to submit the outstanding planning matters, which are termed 'reserved matters applications'.
- **Full planning permission** means approval of the plans against seven aspects, known as 'planning matters':  
Use, layout, amount, scale, access, appearance and landscaping
- The extent to which the proposed designs comply with LPA policy requirements on each of these seven matters will be assessed. Before construction can start, there must be approval from the LPA for at least six of the seven planning matters. It is only the Landscaping matter that can be undecided before construction starts, not any of the other matters. Use of a 'planning conditions tracker' document is advisable once a project has a planning consent.
- Housing developments come in three size categories in planning law:  
Minor development: up to 9 dwellings  
Small-scale major development: 10-199 dwellings  
Large-scale major development: 200+ dwellings
- LPAs have a target of giving a decision on minor developments within eight weeks of receiving a correct application, and 13 weeks for a major development.
- If a planning application is not determined within the statutory time limit, or if permission is refused, a Group may wish to consider making an appeal to a Planning Inspectorate.
- For large-scale major developments, the applicant has to hold a public consultation before submitting the application.
- **Planning gain**: an LPA may seek to secure some community benefits by negotiation.
- **Section 106 agreements**: the mechanism for securing planning gain contributions that are 'in kind' rather than 'in payment'.
- **Community infrastructure levy (CIL)**: a cash payment made by applicants to LPAs to contribute towards the costs of providing public infrastructure that new developments inevitably draw upon. It is a statutory charge, which some developments may be eligible for relief or exemption. There is a set of forms and strict time limits involved in securing relief or exemption, which is important to be aware of.