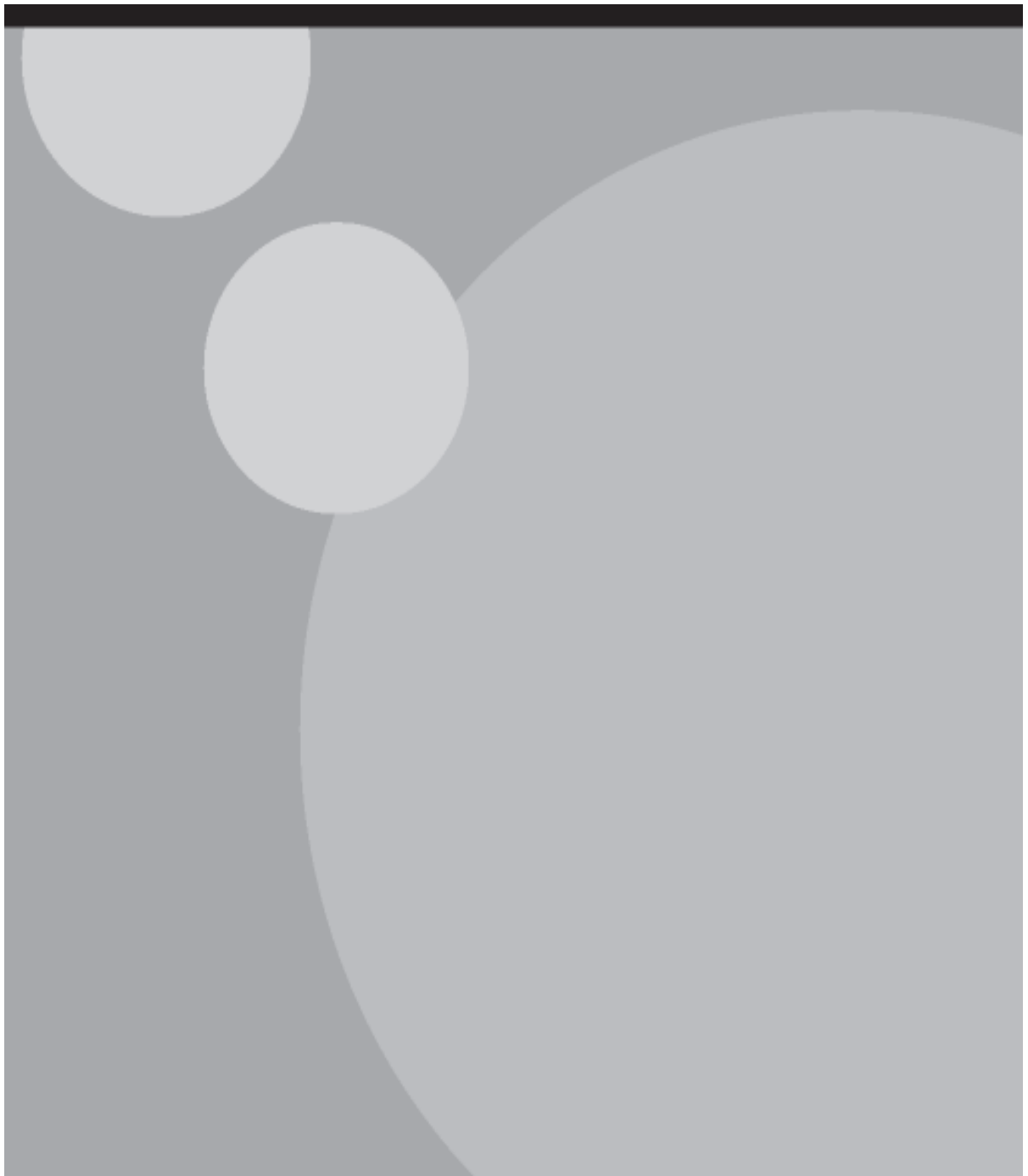




Accelerating the release of surplus public sector land

Progress report one year on





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sector land
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May, 2012
Department for Communities and Local Government

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Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 030 3444 0000

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Foreword

With house building under the previous Government falling to levels not seen in peacetime since the 1920s, we had to act quickly to get the housing market moving again. This is not just important to the people who need homes but it is also crucial to getting the economy growing again. It has been calculated that every home built creates up to two new jobs for one year.

The Government's Housing Strategy, *Laying the Foundations: A Housing Strategy for England*, identified a range of initiatives designed to get the housing market moving again, including:

- Supporting a New Buy scheme to unlock mortgages for people who want to buy new build homes;
- A £770m Growing Places Fund to help fund the infrastructure, like roads, to unlock housing and economic development;
- A £570m Get Britain Building scheme to get builders back on to stalled "shovel ready" building sites;
- £150m to tackle the scandal of empty homes.

These are important steps in the right direction, but a lack of the right land in the right place to build new homes is also still holding back housing growth.

As one of the country's biggest landowners, the Government has a critical role in making sites available to build the homes this country needs. An estimated 40 per cent of larger sites suitable for development are owned by the public sector. This astounding fact provides an opportunity for Government to make a difference particularly in times of austerity when we must all make the best use of our assets.

We are also committed to making this information publicly available as part of the Government's commitment to transparency. By letting everyone know what land is owned by public bodies, local people can see what opportunities there are to take local projects forward to meet local needs – be it for free schools, businesses, new homes or perhaps a park.

In the 2011 Budget the Government committed to accelerate the release of public sector land and set an ambition to release enough land to build up to 100,000 homes by 2015.

I'm really proud that we're well on the way to meeting this ambition and have now identified enough Government owned land to build 102,430 homes.

Now that the Government has acted urgently to unlock this land, we look to the private sector to work with communities to build the homes people want and create the jobs they need.

The Rt Grant Shapps MP
Minister for Housing and Local Government

Introduction

There have been previous initiatives to accelerate the release of surplus public land, but they have not fully delivered the desired outcome. For the first time, the Government has taken a more coordinated approach to the release of surplus land across its landholdings. The Prime Minister has led the drive across Government and asked all major landholding Departments to publish land release strategies. They are being held to account for delivering by Cabinet Committee.

The Homes and Communities Agency (HCA) has worked intensively with property teams to identify potential land with housing capacity that can be released over the Spending Review period. But identification is only the start. To ensure that this surplus land is released we are working with departments to look at where additional help might be needed, particularly to unlock larger, more complex sites, and have already put a range of support measures in place that departments can draw on. This report shows what has happened over the last year, and how this time the approach has been different.

March 2011 – Announcement in *Plan for Growth*.

June 2011 - Government commitment to release land with capacity for up to 100,000 homes over the Spending Review, and HCA published land release strategy (will deliver 11,000 starts on site).

October 2011 - Four major landholding departments published land release strategies (capacity to support over 50,000 homes), and set out a commitment to use Build Now, Pay Later on as much land as possible.

November 2011 - Publication of *Laying the foundations – a housing strategy for England*, to tackle the housing shortage and boost the economy. Land with capacity for over 80,000 homes identified for release. Expert Advisory Group to be established to provide practical advice to Departments.

December 2011 - Summary note on the Government's use of Build Now, Pay Later, to help tackle cashflow problems of builders, published on the DCLG website. Of particular interest to those wishing to develop on public land.

March 2012 - Land identified with capacity for around 102,430 homes.

The Prime Minister set a challenge across Government to increase the pace of the disposal of surplus land and show greater urgency, and Chapter 1 demonstrates how Departments are responding.

DCLG and HCA are putting in place a range of supportive measures to accelerate the release of surplus land, ensuring it is sold quickly and on terms which unlock homes and jobs. We also know that developers and communities can find it difficult to obtain details about Government land that is being released, so to help tackle this and provide greater transparency land release strategies have been published. Departments are being held to account by Cabinet Committee to deliver these. Comprehensive data about almost all Government land and property holdings has also been published and is now available on-line at www.data.gov.uk. Chapter 2 sets out the measures that will help developers and community groups to identify development opportunities and bring underused and derelict land back into use.

Chapter 3 details how we will monitor progress whilst the final chapter will be of interest to all those seeking land for housing development over the next year, in particular those working in the property development sector and community groups leading local housing projects.

- Chapter 1: Housing capacity of land to be released
- Chapter 2: Measure for supporting and unlocking land release
- Chapter 3: Mechanisms to monitor our progress and getting sites sold
- Chapter 4: Focus of the Programme in 2012

CHAPTER 1

Freeing up formerly used land

We have already seen how public land can contribute to developing thriving communities and bring much needed housing for communities.

Boxgrove Gardens, Guildford

As part of the release of this 4.92ha site, bordering the North Downs, the Department for Environment, Food and Rural Affairs (Defra) obtained the planning consent, so providing development certainty, and also set the level of affordable housing and sustainability. The site went on to be developed by Linden Homes for residential use, providing a new residential development of 200 homes in character with the local area, and protecting the local environment. These are of mixed size and tenure, integrating new and old development with the surrounding area, and including the restoration of the historic Uplands House, removing the 1950s extensions and restoring the property for residential use.

Over the last year we have made rapid progress, identifying capacity for 102,430 homes on formerly used public land, with sites being released to the market over the Spending Review period. Release dates will vary, in part due to the type of site and what preparation works are needed to make it ready for sale.

An overview of the numbers

The Homes and Communities Agency (HCA) and the four major landholding departments – Defence, Transport, Health and Environment, Food and Rural Affairs - led the way by publishing disposal strategies for the first time, and providing greater transparency about their land and when they expected it to be put on the market. And from the start we agreed that the Programme would also take account of housing completions on land that had previously been sold by departments and agencies, enabling the full potential of departmental land sales to be captured and monitored. At that point we had identified land to meet 80% of the Prime Minister's ambition to release land with capacity for up to 100,000 homes.

This was just the start and we recognised that there was still more land to be identified, over and above that already pledged by the major landholders. Whilst continuing our work with major landholders to keep their strategies under review, and identify opportunities to go further, we began work with smaller landholding departments and organisations.

Landowner	Housing capacity ¹
Department for Transport ²	6,320
Ministry of Defence	37,630
Department for Environment, Food and Rural Affairs	11,750
Department of Health ³	16,150
Ministry of Justice	1,620
Olympics (ODA/ OPLC)	6,220
Department for Communities and Local Government ⁴	2,030
Homes and Communities Agency ⁵	16,230
Others ⁶	1,140
Non Government public landholders ⁷	3,320
Total	102,430

Notes:

¹ Housing capacity is based on potential number of housing units, rounded to the nearest 10 and including housing completions on sites previously sold.

² Includes Highways Agency, British Railways Board - BRB(Residuary) Ltd & London & Continental Railways Ltd.

³ Includes NHS Trusts.

⁴ London Thames Gateway Development Corporation and Thurrock Thames Gateway Development Corporation.

⁵ Includes land to be transferred to the Greater London Authority on 1 April 2012.

⁶ Includes smaller land holding departments - Land Registry, Department of Energy & Climate Change, Home Office.

⁷ Includes BBC, Royal Mail and The Crown Estate.

Homes and Communities Agency

Over the last year the HCA have continued to review and develop their land portfolio. To reflect this they have updated their Plan and this was published on their website on 4 April 2012¹. It identifies land with the capacity to support 16,230 housing units. Also it takes account of the further reviews of the HCA's original landholdings, and the first stages of the review and assessment of the Regional Development Agency (RDA) assets that were transferred to them in July 2011 (coalfield portfolio) and September 2011 (other economic assets). HCA is developing business plans for the economic assets with local stewardship partnerships. The outcome of this business planning process will be reflected in the next iteration of the Agency's Plan in October 2012. The HCA's total includes land in London transferred to the General London Assembly on 1 April 2012 as part of the Assembly's new responsibilities following the passage of the Localism Act 2011.

Park Prewett, Basingstoke

Proposals to develop the final phase of new homes on the former Park Prewett Hospital site near Basingstoke are progressing well, with partners working on a blueprint which will shape the future of the project. Site owner the HCA signed an agreement with David Wilson Homes in January 2012. The HCA and David Wilson Homes will work closely with the local community and the local authority to develop a masterplan for the site which will deliver approximately 585 homes designed to high standards. The agreement will see David Wilson Homes deliver the first phase of 300 homes, which will include up to 40% affordable housing. This project is an early pilot for the Build Now, Pay Later initiative.

Department of Health

Following publication of the Department of Health's land disposal strategy they have undertaken a further data collection exercise on landholdings across the NHS

¹ http://www.homesandcommunities.co.uk/sites/default/files/our-work/land_development_and_disposal_plan_040412.pdf

estate. Results from this and future homes on some previously sold sites show that land being released has the potential capacity to support 16,150 units.

Princess Marina, Northampton

This eighteen hectare site on the outskirts of Northampton was sold following a formal tender to Persimmon Homes in November 2011 by Northamptonshire Healthcare NHS Foundation Trust. The site has outline planning consent for 550 houses and a maximum of 4,000 sq m of employment use. The sale included a requirement for 12 two-bed flats, to be occupied by junior doctors, to be constructed for the disposing NHS trust.

Department for Transport

Department for Transport have further reviewed the landholdings of their agencies British Railways Board - BRB (Residuary) Ltd, London Continental Railways and the Highways Agency. They have identified land for release with the capacity to support 6,320 homes.

Ministry of Defence

The Ministry of Defence (MoD) have continued to review their land holdings, in light of reviews, such as the Strategic Defence and Security Review, Future Force 2020 and the Defence Basing Review that are underway as part of the wider defence reform. Despite these challenges some sites are already being sold or released to the market. We are also working with the MoD's estates team to look at arrangements for handling and release of their larger sites which face potential challenges in terms of release. From current assessments the MoD has identified land with the capacity to support 37,630 homes, subject to the outcome of the above reviews.

RAF Daws Hill, High Wycombe

Before its disposal this brownfield site was used by visiting US forces, and then for storage.

The site was sold in August 2011 to Taylor Wimpey UK Limited for in excess of £30m on deferred payment terms. It has potential for residential led mixed-use development, and the capacity to support around 550 housing units.

Department for Environment, Food and Rural Affairs

The Department for Environment, Food and Rural Affairs (Defra) land capacity includes British Waterways, which will be moving to charitable status in June 2012, subject to royal assent and will become known as the Canal and River Trust. British Waterways land designated as surplus at this time with the potential to deliver housing has been included in the Defra land capacity. A significant part of the Defra land capacity of 11,750 housing units is the release of New Covent Garden Market, which has the potential to support over 2,000 housing units and regenerate this local area.

New Covent Garden Market

- A 57 acre site, in Vauxhall, South London, to be redeveloped at no cost to tax payers to provide a new modern market, 2,300 apartments, a hotel, shops, a major grocery store and community facilities including a food industry training suite. The market hosts 200 businesses with more than 2,500 people employed on the site, and is the largest single employment site in Wandsworth.
- New Covent Garden Market is part of the Nine Elms Opportunity area which includes Battersea Power Station and the future home of the American Embassy. To provide additional transport links for the area, which when completed will include 16,000 homes including affordable housing, the developers are funding London Underground's Northern Line Extension.
- Covent Garden Market's redevelopment project includes the start of the new Green Linear Park which will link the Nine Elms Opportunity area and provide additional outdoor and community space for Londoners and visitors.

Smaller landholders

We have also been actively engaging with smaller landholding departments, including the Home Office, the Department of Energy and Climate Change and Ministry of Justice, to identify the potential for accelerating the release of their formerly used land with housing capacity. As to be expected, the capacities are smaller, but do provide important additional land capacity that can be accelerated for release over the Spending Review period.

Ministry of Justice

The Ministry of Justice (MoJ) is currently undertaking work to identify its surplus land and the potential development opportunities, which in some cases might be for mixed use development as this would offer the best value for the land sale. The HCA have been working with MoJ to help assess the potential and options for disposals. The current work has indicated that the MoJ land has the potential to support 1,620 units.

Department for Communities and Local Government

The Department for Communities and Local Government (DCLG) was the sponsor of several development corporations², which were involved in local development and regeneration, and held land with potential housing capacity. An initial assessment, before these development corporations responsibilities were transferred to local bodies, indicated that they held land which could have the capacity for 8,250 housing units.

Non Government public landholders

The BBC, Royal Mail and The Crown Estate have agreed to work with Government and consider the opportunity that their development activity and surplus land might have to support economic growth and housing.

² Thurrock Thames Gateway Development Corporation, London Thames Gateway Development Corporation, West Northampton Development Corporation, Olympic Delivery Authority and Olympic Park Development Corporation

These three organisations have experienced property teams and are actively engaged in development activities. They have undertaken their own work to identify and dispose of sites that are no longer required for their operations, and that could be used for housing, as part of their plans to improve efficiency and act commercially to achieve best value for their organisations. Alongside this they have seen how this can contribute to the Government's work to free up land for development and support economic growth. As a result of this, these bodies have identified land that could have the capacity to deliver 3,320 housing units over the Spending Review period.

BBC - as part of the BBC's ongoing relocation of activities the White City site is a significant redevelopment opportunity.

Royal Mail - as part of the rationalisation of Royal Mail property, land suitable for housing has already been disposed of, but of their remaining property they have identified capacity that could support housing. This is demonstrated in the case study below.

Crown Estate – unlike others in this report, as a specialist property business investing for a commercial return the Crown Estate's activity may incidentally include sales of assets for residential development, where commercial value can be secured.

As part of ongoing rationalisation and efficiencies, these organisations have already been active in releasing land no longer required for their operations and have now identified further sites that could be capable of delivering new homes.

Former Royal Mail Sorting Office, Reading

A former sorting office in central Reading, no longer required for operations is releasing land for development to complement Reading Borough Council's plans to regenerate land between the station and River Thames. Royal Mail has obtained an outline planning permission for a mixed use development scheme offering an opportunity to reinvigorate this area and to bring additional residential and commercial uses back into the town centre, together with a new public square adjacent to a new northern entrance to the railway station.

Ongoing identification of land potential

Although we have identified land with capacity to meet the 100,000 housing units ambition, and sites are being put on the market and sold, we are clear that there is a need to continue to identify additional capacity. This will help us to ensure that we can deliver this land to provide much needed housing, as it will be inevitable, given the nature of the property market and the current economic climate, that the release of some sites will be delayed. To manage this, alongside the support measures to help get land released, we will also continue to work with departments and organisations to identify additional sites and maximise the potential of surplus public land. These measures will help to ensure departments are achieving value for money for the tax payer.

CHAPTER 2

Unlocking the barriers to public land release

Build Now, Pay Later

One of the key barriers to new supply is the lack of viable permissioned land coming forward for development. The Government has significant surplus landholdings that we must get working harder for us.

In the current economic and financial climate some developers remain unwilling to commit limited capital resources to full upfront payments of land value. These factors are reflected in the private sector's limited capacity to respond to the recent marketing of some major public land opportunities, even in stronger markets, and the level of bids received.

This is where using Build Now, Pay Later can assist in getting land sold whilst also maximising value for money for the tax payer. Build Now, Pay Later is a deferred receipts model where developers don't have to pay for land when they purchase it, meaning they can use their limited capital on other upfront costs, such as infrastructure, and get building started. Departments can also benefit by getting land sold in a difficult climate, and by sharing in any potential uplift in the land value. The Prime Minister has made a commitment to maximise the use of Build Now, Pay Later where it is affordable, value for money and there is market demand.

Build Now, Pay Later payment models can be structured in a number of ways – with land paid for in phases as development progresses or as properties are sold. Further details on Build Now, Pay Later are summarised in a guide published on the Department for Communities and Local Government website:

<http://www.communities.gov.uk/publications/housing/buildnowpaylater>

The Homes and Communities Agency (HCA) is sharing its bids assessment tool with other departments to support comparison of value for money and financial evaluation of Build Now, Pay Later scenarios.

We also recognise that planning and site mitigation issues can be a barrier to timely disposal. To tackle this, we have put a number of practical support mechanisms in place to support the disposal of sites. These tools will be kept under review.

In this report there are some examples of deferred payment and Build Now, Pay Later terms being used to help get sites released for sale. MoD sold their RAF Daws Hill site (page 12) on deferred payment terms and Park Prewett in Basingstoke (page 11) is an early pilot for using Build Now, Pay Later.

Expert Advisory Group

In *Laying the Foundations: A housing strategy for England*, the Government announced the formation of an Expert Advisory Group, chaired by Tony Pidgley, Chairman of Berkeley Group. Tony is joined by David Pretty, former Group Chief Executive of Barratt Developments PLC; Bob Lane, Chair of the London Thames Gateway Urban Development Corporation and Board Member of the Homes and Communities Agency; and Keith Exford, Group Chief Executive of Affinity Sutton.

The group will focus on a number of key sites which have the potential to deliver a significant amount of new homes but face a number of challenges. They will provide commercial expertise to departments beginning in April. We will look to review the work of the Group after one year, and report on emerging themes and learning from the Group's work.

HCA tools and expertise

The HCA has considerable experience of disposing of sites. They will continue to work with departments and share their expertise on planning and property issues, as well as bringing landowners and local partners together.

The HCA has decided to re-procure its Delivery Partner Panel with the intention of having a new Panel in place from April 2013. The Panel will provide access to companies who have been procured to carry out housing development. The new Panel will be available to a range of public sector organisations, including central

government departments, their Non-Departmental Public Bodies and Agencies, NHS trusts, police authorities and local authorities.

Departments can also draw on a variety of the HCA's on-line tools and specialist services to help speed up the release of land.

ATLAS

The Advisory Team for Large Applications, part of the HCA, provides an independent advisory service in relation to complex and large scale developments. They will also play an important role in supporting departments through the process of releasing their land to market, in particular complex planning, and land issues. ATLAS is already engaged on several large scale projects in the portfolio working with local authorities and landowners alike to increase the certainty of delivery and add to the quality of the proposals. The team is working to extend this support across the enlarged portfolio of surplus sites.

ATLAS support on MoD sites in Bath

The MoD is disposing of three sites in Bath for housing led development at Foxhill, Ensleigh and Warminster Road. These have the capacity to deliver around 1,200 homes.

ATLAS is working with local partners including Bath and North East Somerset Council, MoD and HCA to ensure that any redevelopment is of the highest quality, delivers economic, social and environmental benefits, and captures the aspirations of the local community.

As part of this ATLAS is providing best practice and technical advice to support the production of Concept Statements. These will be developed through community engagement and be subsequently endorsed by the Council. They will provide a clear and simple outline of the aspirations for each site, including key planning priorities & requirements, and the process by which developers should engage with local communities in the planning process following sale of the sites. The statements will provide a sound basis for discussion with developers, as well as informing the Council's Placemaking development plan document.

Streamlining the planning process

In March the Government published a new, simplified National Planning Policy Framework that better supports sustainable development and will help to foster the homes and jobs that the country needs. The Framework makes it clear that Local Plans are the keystone of the planning system. As part of the Local Plans, councils should positively seek opportunities to meet the development needs of their area. The Framework establishes a powerful presumption in favour of sustainable development that underpins all local plans and decisions.

In line with the statutory framework for planning, applications that accord with the Local Plan should be approved without delay, unless material considerations indicate otherwise. And, where the plan is absent, silent or out-of-date, the presumption is equally clear that applications should be approved unless the adverse impacts would significantly and demonstrably outweigh the benefits; or if specific policies in the Framework indicate that development should be restricted.

Sites being disposed of as part of this programme will benefit from the policies in the new Framework, reflected through new or updated Local Plans, and also the Government's plans to provide greater certainty for developers on the timescales they can expect for the planning stages of their development. Through the 'planning guarantee' we are making it clear that planning applications, including those which involve an appeal, should not spend longer than 12 months with decision-makers.

Planning performance agreements are also a useful tool and something that should be considered, particularly where this might achieve a faster and more effective application process. They bring a collaborative approach and more certainty to the decision making process by providing a framework to help key partners agree how development proposals should be managed through the planning process.

CHAPTER 3

Monitoring and transparency

Government has set an ambitious aim, to release land with the capacity for 100,000 homes by the end of the current Spending Review period. Individual departments will be responsible for the disposal of their sites; however we will be monitoring this to maintain momentum and drive progress towards transparency and our ambition.

All Central Government organisations are required to record their land records on e-PIMS (the electronic Property Information Mapping System) and as part of this requirement e-PIMS has been designated as the reporting and monitoring tool for the accelerated release of public sector land for housing. e-PIMS is a web based application by Government and managed by a team within the Government Property Unit. It holds data on all of Government's land and property assets. Other Government bodies such as public corporations are able to use e-PIMS on a voluntary basis and the e-PIMS team will engage with each body to consider this option.

As part of the drive for transparency, the Cabinet Office has published partial data at www.data.gov.uk, from e-PIMS. This data includes details of the location, tenure, and other key attributes for each asset, as well as information about buildings, any vacant space, and occupiers. Users are encouraged to take the data and build applications that allow everyone to use and analyse the information that has been published.

As well as using e-PIMS we will also monitor departments' progress through Structural Reform Plans, updates of which will be published.

Community challenge

Through providing greater transparency about public landholdings we are enabling local communities and people to get involved in bringing underused land back into use. Community Right to Reclaim Land helps local people ensure that public

sector bodies do not unnecessarily sit on underused land or property and gets these sites back into beneficial use.

Community Right to Reclaim Land

There are two elements to this Right:

- Improved transparency and access to details about surplus public land
- Reforming the Public Request to Order Disposal (PROD) process by making it easier to use and wider in its application.

More details are available at:

<http://www.communities.gov.uk/housing/housingsupply/righttoreclaim/>

The Government wants to drive up standards by putting local people, business and civic society in the driving seat, and so help them to build strong vibrant growing communities, which have the appropriate infrastructure and services to support them. This includes good schools, community faculties and support for local businesses.

CHAPTER 4

Next steps

We recognise that this is a challenging Programme to deliver, as has been shown by previous initiatives to free up public land. Some sites face significant planning and land issues, as well as weak housing markets, which could delay or prevent their release.

We will continue to maintain the pace of our work through 2012, but our focus will shift from site identification to ensuring that the sites identified by departments are made ready for the market and sold as soon as practicable over the Spending Review period. We will work with the relevant landowners and provide support to tackle potential barriers to delivery, and get them unblocked as quickly and efficiently as possible. This includes using the HCA's tools and services (such as the Advisory Team for Large Applications), the Expert Advisory Group and Build Now, Pay Later models.

Building on the progress made in the first year with departments to identify public land for accelerated release, we will work with them to ensure that they maximise the potential of these sites, which they are accountable for, whilst continuing to keep their strategies under review and looking for opportunities to release more land.

To help us maintain the highest levels of ambition and delivery of the Programme we will continue to report to a Cabinet Committee on the Programme's progress. The Committee will also have a role to challenge departments and ensure that the expected outcomes are delivered.

2012 milestones

April and ongoing

HCA publish refresh of their development and land disposal strategy (4 April)

Expert Advisory Group engaging with departments to provide practical advice on land release through monthly meetings

Autumn - Programme stocktake

October - Annual refresh of major landholding departments strategies

November - Programme update in the first year of the Housing Strategy