

Garden City Standards for the 21st Century

Practical Guides for Creating Successful New Communities

guide 2

finance and delivery





tcpa

Practical Guides for Creating Successful New Communities

Guide 2: Finance and Delivery

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**The Lady Margaret
Patterson Osborn Trust**

David Lock Associates
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Cover photograph of Campbell Park, Milton Keynes courtesy of Caroline Brown, David Lock Associates.

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The TCPA Practical Guides

Across the UK there is a shortage of housing, and it is increasingly understood that we need to plan and build new large-scale developments, in addition to renewing existing towns and villages. At the same time, many people worry that any new places built will be no more than soulless, unattractive dormitory suburbs. How can we prevent such outcomes? How can we ensure that new large-scale developments become socially and economically successful places – places that will improve over time, and in which people will want to live for generations to come? The answer lies in the Garden City development model – a proven way of funding, creating and maintaining successful high-quality places. A true Garden City is a place created following the Garden City principles, set out in the box below.



National planning policy guidance on a range of issues has been greatly reduced, so practical advice about how to create successful new places is more important than ever. The TCPA's Practical Guides – on location and consent; finance and delivery; design and masterplanning; planning for energy and climate change; homes for all; planning for arts and culture; planning for green and prosperous places; creating health-promoting environments; and long-term stewardship – are not detailed handbooks but instead set out the scope of opportunities for ambitious councils who want to create high-quality, large-scale new developments, whether or not they are able to follow all the Garden City principles. They highlight the key points for consideration and offer signposts to sources of further detailed information. They are 'living' documents that will be periodically updated to reflect key policy changes. Although they are focused on policy in England, the principles and key recommendations can be applied across the UK. The Practical Guides will help anyone attempting to create great places, for everyone, whether or not they describe what they are trying to achieve as a 'Garden City'.

The Garden City principles

A Garden City is a holistically planned new settlement that enhances the natural environment and offers high-quality affordable housing and locally accessible work in beautiful, healthy and sociable communities. The Garden City principles are an indivisible and interlocking framework for delivery, and include:

- Land value capture for the benefit of the community.
- Strong vision, leadership and community engagement.
- Community ownership of land and long-term stewardship of assets.
- Mixed-tenure homes and housing types that are genuinely affordable.
- A wide range of local jobs in the Garden City within easy commuting distance of homes.
- Beautifully and imaginatively designed homes with gardens, combining the best of town and country to create healthy communities, and including opportunities to grow food.
- Development that enhances the natural environment, providing a comprehensive green infrastructure network and net biodiversity gains, and that uses zero-carbon and energy-positive technology to ensure climate resilience.
- Strong cultural, recreational and shopping facilities in walkable, vibrant, sociable neighbourhoods.
- Integrated and accessible transport systems, with walking, cycling and public transport designed to be the most attractive forms of local transport.

The TCPA has produced an extensive set of policy and practical resources on Garden Cities, which can be found at <http://www.tcpa.org.uk/pages/garden-cities.html>

Summary

This Practical Guide is intended to help local authority officers and elected members considering whether to promote a new Garden City to learn more about how to deliver and finance the project. Use of the value that results from the development process to fund delivery is a fundamental aspect of the Garden City model, and is closely tied to the type of organisation that delivers the development. There are specific opportunities for larger sites, of 10,000 homes or more. However, much of the information set out here is also applicable to smaller 'garden villages' or urban extensions that aspire to the Garden City principles.

When land is allocated, given planning permission or developed, the value of that land increases very significantly. This increase can be used to meet the up-front and long-term costs of all infrastructure, community facilities and other amenities. In a true Garden City, a fair share of the land value created is invested in the Garden City itself, providing long-term benefits for all. To achieve this, it is necessary for the organisation delivering the development to have control of the land, either alone or in partnership. If land values are to pay for the long-term management of infrastructure, the organisation delivering the development must also establish approaches to long-term stewardship.

The government has re-confirmed its commitment to large-scale development, and has begun work to update the New Towns Act to enable locally accountable development corporations to aid delivery. The *Locally-Led Garden Villages, Towns and Cities* prospectus issued in March 2016 sets out the government support currently available to councils planning positively for growth. By April 2017, the government had identified ten 'garden towns' and 14 'garden villages' that are receiving, or will receive, a tailored package of support which includes a limited amount of funding. However, there remains some policy uncertainty about the delivery of new communities, and this Practical Guide aims to clarify what the government is offering and the role that local government and its partners will need to play in the development process.

Principles for success

Approaches will vary, and professional advice will be necessary to identify the right model in each case, but there remain three headline factors which should drive the selected approach. Early consideration of these factors is essential for better delivery:

- **There is always an opportunity for land value capture:** Funding sources for new Garden Cities will be diverse, but places can be self-financing over time through the capturing, sharing and re-investment of land value uplift. While the Garden City model, applied early and comprehensively, provides the greatest opportunity for this, there remain opportunities, albeit more limited, to capture land values on smaller sites and for schemes that are already some way through the development process.
- **The delivery body will de-risk the process for investors and stakeholders:** A dedicated organisation, with the right staff and skills, is essential to oversee the complex task of delivering a new community. Delivery vehicles that commit to high standards and long-term delivery make private and public sector investment an attractive prospect. Such an approach also provides reassurance for local people as it demonstrates a commitment to deliver what is promised.
- **Successful places require a long-term stewardship model:** It is vital that a proportion of the development values captured through the delivery process is invested in one or more organisations that will look after the development in the long term and in the community interest. The right financial model can ensure that funds are available in perpetuity to maintain community assets and provide additionality to the services provided by the local council.



Howard Park at Letchworth Garden City

This Practical Guide is aimed principally at local authority officers and elected members who are considering whether to promote a Garden City and want to learn more about how to deliver and finance the project. For simplicity, 'Garden City' here also refers to large extensions to existing settlements being developed in accordance with Garden City principles. These projects will include at least 10,000 homes. The information set out here will also be valuable for those addressing smaller sites.

The starting point is to recognise that when land is allocated, given planning permission or developed, the value of the land increases very significantly. In a new Garden City, this increase can be used to meet the costs of all infrastructure (such as utilities and roads), community facilities (such as schools and health centres, parks and leisure facilities), and other community amenities. Much of the growth in development values will need to be invested in creating the Garden City itself. The surpluses should be shared, fairly, by existing landowners and developers, reflecting the financial risks that they are taking, and the Garden City community.

The delivery of a Garden City, and the capture and sharing of land value uplift, requires consideration of a range of delivery issues, including ownership and control of land, planning powers and skills capacity, investment sources, infrastructure delivery, management of the delivery process, and the promotion of community development, integration and stewardship.

There is no single approach to funding and delivering a new Garden City: local circumstances will determine the best way forward. There are, however, five assumptions that underpin any approach and which are woven through this Practical Guide:

- **The delivery of new Garden Cities will be local authority led:** Through the exercise of their statutory powers to allocate land for development, one or more local authorities will be promoting the project, or they will be actively working with private landowners or

developers to champion the scheme. The location will have been identified through a robust plan-led process.¹

- ***The majority of investment in a new Garden City is likely to be from the private sector, but a fair share of land value uplift must be re-invested for the public interest:*** Private investors and developers – including a range of SMEs and community-led housing models – will build and finance most of the homes. There is an opportunity to achieve a high standard of social housing and genuinely affordable homes² through delivery by local authority housing companies and/or registered social landlords. Public funds will still be an important enabler in building capacity and for the provision of major infrastructure. Up-front infrastructure such as schools and community facilities could be financed by the private or public sectors, with funding to be repaid based on a share of rising land values.
- ***A dedicated governance structure for delivery – a local delivery vehicle – will be required to secure investment, manage delivery and commit to the Garden City principles:*** The role, governance and structure of the delivery vehicle will influence how land acquisition, infrastructure and community facilities are financed, and vice versa; delivery structure and funding are intertwined. ‘Open book’ accounting among the private and public sector partners in the scheme is encouraged. This does not mean, however, that detailed, commercially sensitive information will be available to the public.
- ***Unified land control is essential, and use of compulsory purchase powers may be required to secure it:*** A unified landowner either owns the unrestricted freehold on all the land or has implementable option agreements with all the freeholders. Unified control is desirable for good delivery, especially if it is aligned with the use of planning powers and investment funds. The use of compulsory purchase powers may not be necessary, but even if so they must be held in reserve to ensure that all the land necessary for the Garden City is available and that landowners achieve fair (not excessive) payments for their land.
- ***With the right financial and stewardship models in place, new Garden Cities will be self-financing over time:*** On the assumption that the landowner receives a ‘fair share’ of the increase in land value, the remainder of the increase (once financing costs have been paid) will be available to meet the borrowing costs of providing and maintaining infrastructure and community facilities.

1 *Guide 1: Locating and Consenting New Garden Cities.* Garden City Standards for the 21st Century: Practical Guide for Creating Successful New Communities. TCPA, Nov. 2017. <https://www.tcpa.org.uk/guidance-for-delivering-new-garden-cities>

2 *Guide 5: Homes for All.* Garden City Standards for the 21st Century: Practical Guide for Creating Successful New Communities. TCPA, Mar. 2016. <https://www.tcpa.org.uk/guidance-for-delivering-new-garden-cities>

2 Policy context and support

The current policy context for planning at scale is fragmented, but the government has shown its commitment to this agenda and there are significant opportunities for ambitious councils planning for growth. Key opportunities are outlined below.

2.1 The Housing White Paper 2017

'We need to make the most of the potential for new settlements alongside developing existing areas. Well-planned, well-designed, new communities have an important part to play in meeting our long-term housing needs. Provided they are supported by the necessary infrastructure, they are often more popular with local communities than piecemeal expansion of existing settlements.' *Fixing Our Broken Housing Market*. Housing White Paper. Cm 9352. Department for Communities and Local Government, Feb. 2017, para. 1.35. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

The Housing White Paper reconfirmed the government's support for large-scale development. The government undertook to ensure that decisions on infrastructure investment take better account of the opportunities to support new and existing communities; legislate for the creation of locally accountable new town development corporations, *'enabling local areas to use them as the delivery vehicle if they wish to [and so] strengthen local representation and accountability, and increase opportunities for communities to benefit from land value capture'*;³ and strengthen policy in the National Planning Policy Framework (NPPF) to encourage a more proactive approach by authorities to bringing forward new settlements in their plans.

2.2 The Locally-Led Garden Villages, Towns and Cities programme

Following the March 2016 budget announcement that the government would support 'the construction of a new wave of garden towns and cities across the country, with the potential to deliver over 100,000 homes',⁴ the government launched the *Locally-Led Garden Villages, Towns and Cities* prospectus,⁵ replacing the April 2014 *Locally-led Garden Cities* prospectus.⁶ The 2016 prospectus includes an offer of support for 'garden villages' of 1,500-10,000 homes, as well as continued support for larger-scale communities of 15,000+ homes as set out in the previous prospectus. In January 2017 the government announced support for 14 'garden villages' and three 'garden towns' (at Aylesbury, Buckinghamshire; Taunton, Somerset; and Harlow and Gilston, Essex and Hertfordshire),⁷ taking the total number of 'garden towns'

3 *Fixing Our Broken Housing Market*. Housing White Paper. Cm 9352. Department for Communities and Local Government, Feb. 2017, para. A.57. <https://www.gov.uk/government/collections/housing-white-paperHWP>

4 *Budget 2016*. HC 901. HM Treasury, Mar. 2016. Para 1.123. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508193/HMT_Budget_2016_Web_Accessible.pdf

5 *Locally-Led Garden Villages, Towns and Cities*. Department for Communities and Local Government, Mar. 2016. www.gov.uk/government/uploads/system/uploads/attachment_data/file/508205/Locally-led_garden_villages_towns_and_cities.pdf

6 *Locally-led Garden Cities*. Department for Communities and Local Government, Apr. 2014. Withdrawn Sept. 2016. <https://www.gov.uk/government/publications/locally-led-garden-cities-prospectus>

7 'First ever garden villages named with government support'. Press Release. Department for Communities and Local Government, Jan. 2017. <https://www.gov.uk/government/news/first-ever-garden-villages-named-with-government-support>

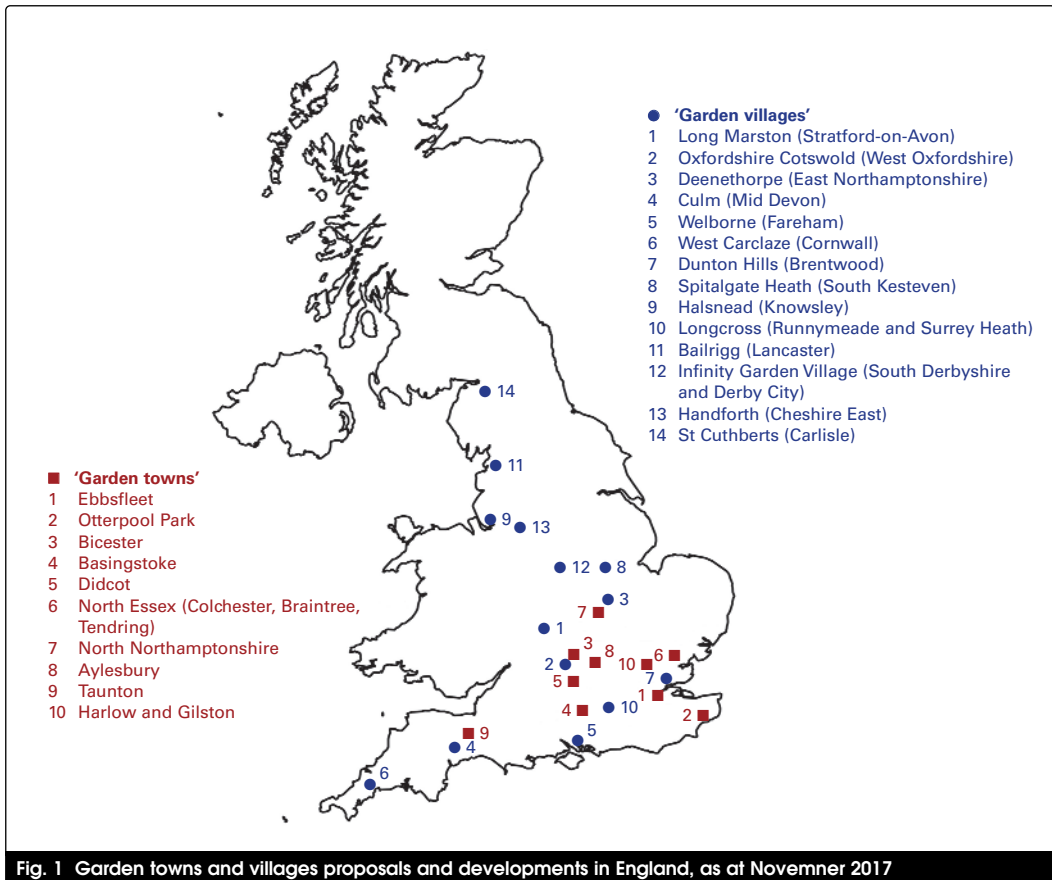


Fig. 1 Garden towns and villages proposals and developments in England, as at November 2017

identified to ten (see Fig. 1). The prospectus invites local authorities to bid for support (brokerage, planning support, capacity funding, and some capital funding) where they can demonstrate scale, deliverability, and local leadership and support – preferably for sites using brownfield land. The prospectus offers ‘planning freedoms’ where housing delivery can be guaranteed and where there is additional or accelerated delivery. The details of this offer are to be explored in the context of individual proposals.

The inclusion of support for smaller-scale ‘villages’ raises an important issue of scale – particularly the need to ensure that smaller communities have the right facilities and jobs provision and genuinely affordable homes, like the original ‘garden villages’ of New Earswick and Bournville. However, the prospectus is clear that the government is not looking to support places which merely use ‘garden’ as a label to hide poor-quality development. Instead, it wants to ‘support local areas that embed key garden city principles to develop communities that stand out from the ordinary’.⁸

The prospectus falls short of requiring that expressions of interest commit to all the Garden City principles. Neither does it support local authorities by setting out a strategic approach to identifying locations informed by the geography of housing markets, infrastructure provision, or the wider desire to rebalance the nation’s economy. Without national standards or policy requirements in place, it will be up to those delivering these developments to commit to the

8 *Locally-Led Garden Villages, Towns and Cities*. Department for Communities and Local Government, Mar. 2016, para. 11. www.gov.uk/government/uploads/system/uploads/attachment_data/file/508205/Locally-led_garden_villages__towns_and_cities.pdf

Garden City principles and ensure that they meet the commitment to quality, affordability and sustainability.

The government is working with the existing garden villages and may consider supporting additional garden village projects in 2017/18. Support for developments of 10,000 homes or more continues on a 'rolling' basis, and authorities are encouraged to explore the opportunity with the Department for Communities and Local Government (DCLG).

Finance and delivery considerations in the prospectus

Viability and deliverability

The prospectus recognises that the successful delivery of a new Garden City (or 'garden town') is a complex project. The government wants to see clear thinking and ambitious proposals on how private sector finance can be leveraged in, on opportunities to capture land value to fund infrastructure, and on future infrastructure needs. The prospectus adds (para. 61):

'We will review with local areas the need for additional investment in infrastructure to support the full delivery of the garden town over time, but we would expect to see credible proposals for significant development without the need for further public subsidy. We welcome proposals that are located with access to either existing or planned strategic transport infrastructure to provide local and national connectivity.'

Accelerated construction

The prospectus makes clear that the government is keen to support expressions of interest that offer (para. 62):

'a strong prospect of quantified early delivery, a significant acceleration of housing delivery, and genuinely additional housing supply. We would welcome expressions of interest that demonstrate how build out of the garden town can be achieved a pace, for example by providing a good mix of tenures, and multiple outlets.'

To facilitate this, the government's Accelerated Construction programme⁹ offers a 'tailored package of support to ambitious local authorities who would like to develop out surplus land holdings at pace'. The programme aims to deliver up to 15,000 homes (housing starts) on surplus centrally and locally owned public sector land through £1.7 billion of investment. The programme is designed to support non-major builders and help tackle the construction skills gap, including through greater use of modern methods of construction (MMC). Expressions of interest were due by 28 February 2017.

Diversity of supply

In addition, the prospectus highlights the importance of providing high-quality starter homes, to be offered with at least a 20% discount for first-time buyers, and encouraging expressions of interest from small and medium-sized builders and for initiatives that offer innovative forms of delivery such as 'off-site construction, self-build, and custom-build'.

Delivery vehicles

The prospectus recognises (para. 80) that delivering a new community of over 10,000 homes will need strategic long-term thinking and robust delivery arrangements: 'There are many forms that this could take, from publicly-led arm's length bodies, public-private partnership arrangements such as joint venture companies, or statutory development corporations.' This Practical Guide sets out some of the options to explore.

9 See *Accelerated Construction: Local Authorities. Expressions of Interest*. Department for Communities and Local Government. Jan. 2017. <https://www.gov.uk/government/publications/accelerated-construction-local-authorities-expressions-of-interest>

2.3 Updating the New Towns Act – locally accountable development corporations

Following the Government's March 2016 commitment to update the New Towns Act 1981,¹⁰ the government has now legislated in the Neighbourhood Planning Act 2017 to enable locally accountable development corporations to be set up. Further measures are due to be made through secondary legislation, with aim of creating a system that is fit for purpose by the end of 2017.¹¹ While the new town development corporation approach will not be suitable in every case (and not for smaller developments), modernised legislation could unlock a new generation of highly sustainable places.

2.4 Sources of government capital investment

In the past, new town development corporations borrowed very substantial amounts over very extended periods to invest in infrastructure and social housing and for a very wide range of other purposes necessary to secure the development of the town. In some cases, this included 'undue burden' payments to compensate local authorities for the additional revenue costs that they incurred in accommodating the needs of the new population. At present, no such provision exists for the new wave of garden towns and villages. Instead, the government expects that each local authority, group of authorities or combined authority seeking to promote Garden Cities will either rely on private developers to provide all the necessary capital, borrow funds in accordance with the regulations governing prudential borrowing, or utilise government support. Annex 1 sets out a comprehensive table of all the government funding streams that may be useful in the delivery of a new Garden City.

2.5 Combined authorities and mayoral development corporations

Several combined authorities have already been created, and the establishment of further authorities remains a possibility. Each combined authority reaches a bespoke agreement with central government about the powers and additional funding that will be available. Some combined authorities have expressed interest in promoting Garden Cities and large-scale urban extensions and in establishing development corporations to deliver such schemes. This approach would be modelled on London's mayoral development corporations – this is discussed further in Section 3.3.

2.6 A responsibility for local authorities and delivery bodies

In the absence of clarity on these issues it is up to local authorities and delivery partners to embed good place-making principles in the delivery of new Garden Cities, and to put in place means for the long-term stewardship of assets. This Practical Guide is designed to assist with this process.

¹⁰ *Locally-Led Garden Villages, Towns and Cities*. Department for Communities and Local Government. Mar. 2016, para. 43, pp.10-11. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508205/Locally-led_garden_villages_towns_and_cities.pdf

¹¹ Local accountability is only one element of the modernisation required. The legislation also requires modernisation to embed place-making principles and requirements for long-term stewardship. In the absence of these elements in law, it is up to councils' delivery bodies to embed these objectives in new locally accountable development corporations

3 Principles for success: LDVs

EG Focus. Creative Commons 2.0



View over the then recently completed London Olympic Park in 2012 – a mayoral development corporation has since been established to oversee delivery of legacy projects at the Queen Elizabeth Olympic Park

Garden Cities are large-scale, innovative, long-term developments, aiming at the highest standards of sustainability and inclusion. The management of their delivery cannot be left to chance, nor can it be assumed that it can be handed to local government staff in addition to their existing responsibilities. Regardless of the number of organisations involved in delivering the individual components of the Garden City, there needs to be visible leadership of, and responsibility for, project management vested in one body.

Garden Cities can most effectively be implemented by some form of local delivery vehicle (LDV), set up to:

- Provide consistent leadership to establish and drive forward the delivery of a vision and a masterplan to realise that vision.
- Work closely with existing residents of the area where the Garden City will be developed and with the wider community to ensure that their interests are reflected in the masterplan – always communicating inclusively, transparently and effectively.
- Prepare, and secure partner ownership of, a business plan which identifies the responsibilities of each partner and clear timelines for action.
- Advocate for and secure the resources needed to deliver the business plan to the standards set out in the masterplan.
- Co-ordinate, support, lobby for and broker agreements with partners, including the use of statutory powers where appropriate (such as compulsory purchase, planning and highways powers).
- Ensure the early delivery of infrastructure.
- Monitor overall progress – and identify actions required and who should take them – to accelerate development.

There are many different types of LDVs, with different statutory forms and governance arrangements. Normally, the local authority for the area in which the Garden City is to be located is best placed to lead the process of deciding what form of LDV is most suitable. In so doing, the local authority should engage in an open discussion with key partners – landowners, developers, neighbouring authorities, the local enterprise partnership, etc. The structure of the LDV, and its governance arrangements, must reflect partners' aspirations and requirements. (In this Practical Guide, 'local authority' also refers to local authorities when the site for the Garden City is lies within more than one local authority area.)

3.1 Building mutual trust and confidence

If an LDV is to drive the development of a Garden City it is essential that the partners agree a set of shared objectives, and build mutual trust and confidence to provide the foundation for working together to achieve these objectives. Establishing the LDV, preparing a business plan and preparing a masterplan are all key steps in the process of building trust. At a minimum, partners should be prepared to agree a memorandum of understanding (MoU), defining their common objectives and the respective roles of each partner. If the LDV is to be a legal body, these matters will be addressed in the documents establishing the LDV (such as articles of association, shareholders agreements, etc.). If the LDV is not a legal entity, in due course the MoU will be underpinned by binding agreements between the local authority and the landowners and/or developers (who own or have controlling interest in land) as part of the planning process.

The pace of progress will depend primarily on whether staff and financial resources are available to establish the LDV and build up momentum. Often the local authority does not have the expertise, and landowners and/or developers may not yet be confident that the local authority is prepared to establish an LDV. In the very early stages, it may be necessary for all partners to be prepared to trust that the other parties are acting in good faith – and invest the resources necessary to establish an LDV on a speculative basis. This may even be necessary to secure government revenue support for a Garden City.

3.2 Governance and managing complex relationships

In taking a decision about the structure and legal status of the LDV, the local authority and private partners must recognise the following:

- Most (but not all) of the finance for a Garden City may come from the private sector.
- The local authority for area in which the Garden City is proposed has a range of strong statutory duties to ensure that the new settlement is developed to a high standard, meets the needs of new residents, and contributes to improving the quality of the area.

Thus partners will need to consider the following matters:

- Given its democratic accountability, there is considerable value in a local authority controlling any LDV established to promote and deliver a Garden City.
- However, owners of all or most of the land allocated for a Garden City and promoters with a controlling interest in this land are entitled to play a role in the governance of any LDV. Their legitimate interests must be reflected in any governance structure.
- To build trust between the local authority and private owners and developers, it may be helpful to appoint 'civic leaders' to the LDV as directors with casting votes, in sufficient number to avoid either the local authority or the landowners/developers having a majority. These civic leaders could be drawn from voluntary organisations, universities and colleges, or large businesses with a strong stake in the local community, provided they did not have

any commercial interest in the project itself. One such civic leader could be appointed as chair of the LDV, to further strengthen its credibility in terms of its focus on the task in hand rather than any broader local authority responsibilities.

- The local authority, as (for district and unitary authorities) the plan-making authority, will be responsible for allocating the site for a Garden City through the normal process of preparing the Local Plan. The only exception will be if the local authority chooses to work with the government to establish a new town development corporation and 'designate' a site, using the existing or a reformed New Towns Act. The TCPA's *Guide 1: Locating and Consenting New Garden Cities*¹² provides further details on this.
- If it wishes, the local authority can choose to delegate powers to prepare a masterplan for a Garden City and to control development in accordance with this plan to a LDV. Even if a local authority chooses to do so, best practice suggests that the masterplan should be formally approved by the local authority and that the LDV should report periodically to the local authority on how implementation is proceeding in accordance with the masterplan.
- In two-tier areas, the county council has a central role in the success of the Garden City as highways authority; there is value, therefore, in securing the active involvement of county councils in any LDV.
- Where a combined authority has been established, the opportunity exists for that authority to take primary responsibility for the Garden City – rather than the constituent authorities.
- The LDV must give early consideration to long-term stewardship arrangements and clarify how they will be implemented through the delivery process.

In establishing the governance arrangements for the LDV, it is important to recognise that the co-operation of many other public bodies is essential to the success of the Garden City. Most of these organisations could be involved in 'advisory committees' – or simply establishing clear lines of communications may be all that is necessary. 'Partners' in this broader sense include the National Health Service (particularly existing clinical commissioning groups), local religious organisations, the local enterprise partnership, the local chamber of commerce, and large employers. It is important to recognise that each of these can make valuable contributions to the success of the Garden City.

3.3 Overview of local delivery vehicles

There is a continuum of LDV models available – from informal contracts between delivery partners at one end of the spectrum, to new town development corporations at the other. In considering the best way forward, it is helpful first to consider the 'master-developer' role, as set out below. Several models are then identified below, and some case studies are briefly considered in Section 6.

The master-developer role

Regardless of the structure selected, it is important that the Garden City LDV makes provision for the master-developer role to take the lead on implementation. The job of the master-developer is to manage the overall development process. This includes (but is not limited to):

- ensuring that the necessary finance is available for all the advance roads, utilities, schools and other infrastructure;
- ensuring that the necessary planning consents are available in a timely manner;
- procuring the design and construction of advance infrastructure; and
- disposing of individual sites for housing, employment, retailing, leisure, etc.

12 *Guide 1: Locating and Consenting New Garden Cities*. Garden City Standards for the 21st Century: Practical Guide for Creating Successful New Communities. TCPA, Nov. 2017. <https://www.tcpa.org.uk/guidance-for-delivering-new-garden-cities>



School under construction at Ebbsfleet, where growth is being delivered by a development corporation

The LDV itself could perform this role – as the original new town development corporations did – or it could select a private developer to act as the master-developer. In some cases, where a single developer or developer consortium already controls all or most of the site, it may naturally be chosen as the master-developer, although this will require clear lines of accountability to be agreed to give the local authority confidence about proper and timely delivery.

If the LDV is performing the master-developer role, it will dispose of housing sites to private housing developers building for rent and for sale, and to registered social landlords and self-builders and to the local authority if it is to build social housing. It might invest directly in some forms of development, such as commercial units or affordable housing, in order to secure long-term revenue streams and equity growth. If the LDV has appointed a private developer to perform the master-developer role, it is likely that this company will build some of the homes itself.

A small professional team is required to carry out the master-developer work, normally comprising one or more planners/urban designers, property development surveyors, and civil engineers with contract procurement/management experience. Sometimes staff can be seconded from LDV partner organisations. The key, however, is that the individuals acting in the master-developer role must bring expertise in managing complex mixed-use schemes, market and affordable housing, and working with a wide range of residential, industrial and commercial developers. Local authorities may have to offer salaries above their normal grades to secure the right staff for the LDV.

An 'informal' LDV

One option would be for the local authority to enter into a memorandum of understanding with landowners or promoters already controlling the land, as set out above, but not to set up a legal entity. This 'informal' LDV would act as a steering committee for the Garden City but would not, itself, act as the master-developer. All legal agreements to progress the project would be between the local authority and the landowner or promoter with a controlling

interest in the land. This approach might be particularly appropriate where the land was already under the control of a private developer or developer consortium.

Formal joint venture arrangements

A local authority (or group of authorities), landowners and/or developers with a controlling interest in the land could establish an LDV by setting up a formal joint venture. There are various ways in which a joint venture could be structured, and there are many circumstances where this would be appropriate. These include, for example, if the local authority owned some of the land being proposed for the Garden City and/or was prepared to invest monies to meet the cost of infrastructure. The formal joint venture would act as the master-developer as set out above, or could appoint a master-developer.

Statutory development corporations

Currently, there are provisions for three kinds of development corporations: urban development corporations (UDCs), mayoral development corporations (MDCs), and new town development corporations (NTDCs). The most successful recently operating UDC was the Olympic Delivery Authority set up under the London Olympic Games and Paralympic Games Act 2006 using the same legislative provisions as for UDCs. A new UDC has also been established for Ebbsfleet in Kent. MDCs can be established for projects being promoted by the Greater London Authority. Two have been established in London: the London Legacy Development Corporation (for the Olympic Park), and the Old Oak and Park Royal Development Corporation. Combined authorities can also establish MDCs, but none have yet done so.

The TCPA has demonstrated that NTDCs, under modernised legislation, could be the most effective vehicle for delivering Garden Cities.¹³ NTDCs have more holistic responsibilities for creating new communities than the other forms of statutory body. As noted above, the government has committed to update the legislation to enable this route, and has taken the first step on this journey by amending the legislation to allow for 'locally accountable development corporations'.

Accelerated Construction (direct commissioning or direct delivery)

Through the Homes and Communities Agency (HCA – which, at the time of preparing this Practical Guide, was expected soon to be re-named Homes England), the government is also getting involved in the direct delivery of housing through its Accelerated Construction programme. Specifically, the Accelerated Construction model aims to build out public sector sites at an increased pace; support new housing models such as build-to-rent; and capture more of the value uplift for the public sector and the taxpayer. Initially, the HCA envisages that the pool of suitable central government and local government land will form the sites for Accelerate Construction. The HCA also intends to partner with small and medium-sized builders and custom-builders to build out sites at a much faster pace. In some cases publicly owned land could be used as equity. The HCA will also look for opportunities among the brownfield sites it is acquiring under the £1.2 billion Starter Home Land Fund to support further rapid build-out.

The Chancellor of the Exchequer's *Autumn Statement* in November 2016 announced that the government will invest £1.7 billion by 2020-21 using Accelerated Construction models through the National Productivity Investment Fund to speed up housebuilding on public sector land in England through partnerships with private sector developers.¹⁴

13 *New Towns Act 2015?* TCPA, Feb. 2014. <https://www.tcpa.org.uk/new-towns-act-2015>

14 *Autumn Statement 2016*. Cm 9362. HM Treasury, Nov. 2016, para. 3.12. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571556/autumn_statement_2016_print.pdf

The Accelerated Construction approach embraces two key elements. First, the HCA will take a stronger interest in deciding what is built, and how fast it is built. Second, in order to accelerate the rate of completions, the HCA will share some of the risks of developing new homes at a faster rate. At the time of writing, the HCA is only using this approach on publicly owned land. Some of these Accelerated Construction starts could be in Garden Cities. As set out in Section 6 below, this approach is to be used at the HCA's largest site, at Northstowe, Cambridgeshire.

Community land trusts

A community land trust (CLT) can be used as a vehicle for securing greater community ownership of, and control over the quality of development of, a Garden City. Among other things, a CLT could hold land for social housing in perpetuity and open opportunities for new forms of tenure. Local authorities considering the structure of an LDV should consider whether the option of some of the land being vested with a CLT should be incorporated. It is unlikely that it will be possible for a CLT to hold all of the land for a Garden City, as this would preclude disposing of some of the residential land and using the proceeds to finance infrastructure and community facilities.

A CLT could also own the public realm, run energy, water and waste services companies, provide community development services, and own local commercial properties. A CLT could be set up as a company limited by guarantee, a co-operative, or some form of organisation capable of owning and managing assets on behalf of the community. A CLT could also play a role as a long-term organisation to which another type of LDV hands over community assets at a later stage, as a partner to the LDV. Scaled-down forms of community trusts could be used also for some or all local amenities.

Joint planning committees

Finally, it is helpful to highlight the role that joint planning committees could play in promoting and securing the delivery of a Garden City. When a proposed Garden City is located on a site lying within more than one local authority area, or is being established to meet the housing needs arising in more than one authority area, it may be helpful for the local authorities concerned to establish a joint planning committee to promote the scheme, approve the masterplan, and (where appropriate) exercise development control powers. Joint committees could also ease co-operation between district and county councils.

These issues are explored in further detail in the TCPA's *Guide 1: Locating and Consenting New Garden Cities*.¹⁵

3.4 Long-term stewardship

Integral to the Garden City model is the long-term stewardship of assets, i.e. ensuring that there are structures in place to guarantee the ongoing re-investment of value created through the development process, and to provide the financial means to maintain the wide range of community facilities that can be created through the development of a Garden City. There is a continuum of approaches to long-term stewardship – from a model inspired by the Letchworth Garden City Heritage Foundation, in which a charitable trust retains the freehold of all or part of the land for the Garden City, to a body tasked with a specific purpose, such as looking after parks or community buildings.

15 *Guide 1: Locating and Consenting New Garden Cities*. Garden City Standards for the 21st Century: Practical Guide for Creating Successful New Communities. TCPA, Nov. 2017. <https://www.tcpa.org.uk/guidance-for-delivering-new-garden-cities>



Arrangements for the long-term management and maintenance of community facilities and assets are essential

Community assets such as parks and community centres are essential elements of attractive, liveable places. They are as fundamental to a successful development as roads, homes and electricity are, but their management and long-term funding are often treated as afterthoughts. The long-term funding and stewardship of such community provision – especially during a period of austerity, when management of assets can become a burden on a council or a community if not costed and budgeted for from the outset – can be among the more challenging of the Garden City principles.

There are a range of tried-and-tested ways of successfully funding and managing community assets for the long term – including generating income by trading goods or services or from property portfolios, or securing income from charitable grants or through the financial incentives attached to the new package of community rights introduced through the Localism Act.

Some developers will want to hand the community assets of a newly built place over to a trust or charity; others will want to remain involved in the place for many years or in perpetuity. The Garden City model can accommodate both approaches. The LDV may choose to endow stewardship bodies with assets during the development process, or may themselves become the stewardship body.

Consideration of options for long-term stewardship and analysis of existing assets should begin at the earliest stages of development as part of the wider delivery approach. Too often such matters are left as an afterthought, and consequently delivery bodies (and therefore communities) miss out on a range of opportunities to create high-quality places for the long term.

The TCPA has produced detailed guidance on long-term stewardship and some of the models available.¹⁶ This will be supplemented by a new Practical Guide highlighting key lessons and best practice.

16 *Built Today, Treasured Tomorrow – A Good Practice Guide to Long-Term Stewardship*. TCPA, Jan. 2014. <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=896adf50-f4d0-4ade-9810-5ff2aef50ada>

4 Principles for success: investment

4.1 Creating land value by allocating land for a Garden City



The uplift in development land value underpins the Garden City approach

The process of financing the development of a Garden City starts from the premise that when land is allocated for development, the value of that land increases substantially. This increase can be re-invested in building the infrastructure, community facilities, social housing, and all the other elements that need to build in accordance with the TCPA's Garden City principles.

Normally, prior to the allocation for a Garden City the current use (normally agricultural) determines the value of the land. If the landowner can reasonably expect that in due course the land will be allocated for development in a Local Plan in the foreseeable future, the land is considered to be worth more than its agriculture use value and has some 'hope value'. When allocated in a Local Plan, the land is worth much more, and the market value is calculated by reference to comparable sites in the area, taking into account whether it is completely serviced or still in need of significant infrastructure investment before it can be developed.

The large gap between current use and market values – the land value uplift – can be used to finance a new Garden City. By capturing all this land value uplift, the post-war New Towns developed by new town development corporations under the auspices of the 1946, 1965 and 1981 New Towns Acts were, as a whole, completely self-financing and returned a considerable surplus to the Treasury. This was because most of the land was acquired at agricultural value – normally by negotiation but with the threat of the use of compulsory purchase in reserve.

Today, the issue of compensation is complex and depends to some extent on the purpose for which the land is to be used. For a locally led Garden City, compensation would be based on market values, but this calculation must:

- disregard any increase in values created by the prospect of the delivery of the Garden City (the 'no scheme' world);

- acknowledge the changes introduced in the Neighbourhood Planning Act to include associated transport infrastructure as part of the ‘scheme’; and
- include an element of hope value for development that might have taken place even when all aspects of the ‘scheme’ have been disregarded – in other words, what might have happened to the site if the new Garden City had not been designated.

Thus local authorities seeking to finance a new Garden City with the uplift in land value should consider inviting the government to designate an area under the New Towns Act and establish a locally controlled development corporation. This body would then start the process of preparing a masterplan and acquiring the land through negotiation, and if necessary acquiring land using compulsory purchase orders. However, even considering the use of the New Towns Act only makes sense for a very large scheme.

If the local authority owns all, or most, of the land for the Garden City, it must be prepared to recognise that in the early years all the uplift in land value will have to be invested in financing the Garden City. In due course, the local authority will receive the increase in land value arising from the designation of a Garden City, but it must be a ‘patient’ landowner.

If private interests own or control the land for the Garden City (say via an option to a developer), the local authority could consider negotiating with these owners and/or promoters whether they are prepared to accept a ‘fair value’ for their ownership, reflecting the need to invest most of the uplift in land values in the construction of the Garden City itself.

In North Essex, the local authorities promoting the delivery of new communities discussed with private landowners and promoters how they might share the uplift in value before the land is allocated before pursuing the locally-led development corporation approach. This is more likely when several sites are being considered for a Garden City. This example is considered further in Section 6.

4.2 Capturing land value

At a basic level, the local authority will wish to set high standards through planning policy requirements for the Garden City, preferably in a detailed development brief. If no other mechanisms are used, this must be the starting point for deciding how much of the land value created will be invested in the Garden City. It is extremely important that these requirements for a Garden City be set out, in a development plan document, *before the land is allocated*. This should have the effect of reducing land prices.

If the local authority simply relies on a section 106 agreement to capture the land value, it is unlikely that the development will be able to comply fully with the TCPA’s Garden City principles. If the local authority has established a community infrastructure levy regime, it may be possible to establish a separate regime for the Garden City, although this method has not yet been implemented.

As noted earlier, a modernised new town development corporation remains the best mechanism for capturing land value. As a (less powerful) alternative, consideration may be given to the use of a ‘strategic land and infrastructure contract’ – based on the ‘Milton Keynes tariff’ (see Box 1). In any event, if appropriate, the local authority’s position in negotiations will be much stronger if the circumstances are such that compulsory purchase powers are held for use as a last resort to bring landowners to the table.

Box 1

Strategic land and infrastructure contracts



The Brooklands development at Milton Keynes

John Walker, whose experience includes time as the Chief Executive of the Commission for the New Towns, has set out in a TCPA Tomorrow Series Paperⁱ how ‘strategic land and infrastructure contracts’ (SLICs) could hold the key to unlocking the delivery of Garden Cities, as well as many other locally planned, large-scale developments. This type of contractual arrangement, voluntarily entered into by private landowners with a public body such as a local authority or government agency, enables timely and predictable provision of essential infrastructure to be committed at an early stage by, in effect, staging the payments for land to the speed at which it is taken for development – and so helps to enhance both investor and community confidence in the quality and deliverability of new Garden Cities.

ⁱ *Land Value Capture and Infrastructure Delivery through SLICs*. Town & Country Planning Tomorrow Series Paper 13. TCPA, Sept. 2012. <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=504c7d29-54e1-4c3c-be88-825dee35a268>

4.3 Robust assessments of financial viability

Today, housing developers often negotiate with their local planning authority about whether their proposed scheme is financially viable. They do this to reduce their section 106 contributions and other elements of the scheme which bring benefits to the wider community. This is particularly the case for large housing schemes. The NPPF provides guidance on viability, and current practice often allows developers to reduce their contributions. Furthermore, many local authorities have had the unpleasant experience of landowners coming back several years after signing complex section 106 agreements to renegotiate (i.e. reduce) their obligations on the grounds of changed economic circumstances.

It is only possible to promote a successful Garden City if the local authority, landowners and developers with an interest in the land have agreed a robust appraisal of the financial

viability of the scheme. Without such a robust assessment it is unlikely that the scheme will achieve the high standards set out under the Garden City principles, and as interpreted by the local planning authority. In the first instance, this robust assessment may be based on high-level assumptions about costs and market values, but, as the scheme is developed, more accurate estimates can be prepared. Eventually, part of the process of preparing a masterplan for the Garden City should include more detailed viability assessments, and these will be more robust when the plan is completed.

The Homes and Communities Agency has designed an open-source financial model which local authorities can use at no cost to prepare robust financial assessments.¹⁷ It is essential that an effective viability model is used to prepare viability assessments. This requires the local authority and private partners to work on an 'open book' basis, including disclosure of the terms of any option agreements.

4.4 Public investment in building a Garden City

Section 2 and Annex 1 set out the main sources of public sector funding for Garden Cities. The two most important sources are local authority borrowing and the Home Building Fund managed by the HCA. In due course, the new Housing Infrastructure Fund may also be a valuable source of finance for local authorities.

The statutory framework for local authority borrowing and investments is set out in Chapter 1 of the Local Government Act 2003, supplemented by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended). A local authority may borrow money or invest (a) for any purpose relevant to its functions under any enactment, or (b) for the purposes of prudent management of its financial affairs. All money borrowed by a local authority, together with any interest on the money borrowed, shall be charged indifferently on all the revenues of the authority.

Regulations require a local authority to have regard to the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), published by the Chartered Institute of Public Finance and Accountancy. The Prudential Code has been developed as a professional code of practice to support local authorities in taking decisions on capital investment which are affordable, prudent, and sustainable. When a local authority is deciding whether to borrow funds to deliver a Garden City, it will be necessary to develop a business case which demonstrates that the requirements of the Prudential Code have been met. At present, with interest rates at historically low levels, local authority borrowing to finance advanced infrastructure, and other costs of a Garden City, is attractive.

At present, the main source of government finance for a Garden City is the Home Building Fund managed by the HCA.

4.5 Private investment in building a Garden City

It is likely that most of the investment in creating a new Garden City will come from the private sector. To illustrate this in a simple way, if 8,000 of the 10,000 homes in a Garden City are for owner-occupation, and the average sale price of each house is, say, £250,000, the purchasers and their mortgage providers will be investing £2,000,000,000 (£2 billion). The value of the shops, offices, factories, and commercial leisure facilities should then be added.

¹⁷ Further details are available from Fionnuala Lennon at the HCA, on Fionnuala.Lennon@hca.gsi.gov.uk

The private investment will dwarf the public investment in the social housing, schools, health centres, other community facilities, and infrastructure.

However, much of this public investment must, of course, come first in order to enable the private investment in homes for sale, etc. to be realised. In 2014, the Wolfson Economics Prize was offered to the best answer to the question: 'How would you deliver a new Garden City which is visionary, economically viable, and popular?' – and 100% funded by the private sector. All the shortlisted entries identified potential sources of funding. Wei Yang and Peter Freeman's shortlisted entry included an assessment of the potential alternative sources of private capital. They summarised the position as follows. Although bond investors receive the lowest rate of return, they require a very high level of security and the certainty of a fixed annual income; a Garden City project would not meet these criteria unless the bonds were guaranteed by government or a local authority. Private equity investors and venture capital investors were also discarded as the returns that they require are much higher than those that would be generated by a Garden City. Also, bank lending was discarded as the risks associated with a Garden City were too high over too long a period of time.

Institutional investors in property are potential sources of private investment in Garden Cities. Institutional investors also seek a relatively low return over the medium and long term – providing patient capital – as long as it is relatively secure. Currently, there is strong institutional investor interest in the private rented sector. Moreover, one institutional investor has already publicly expressed interest in Garden Cities.

Large housing developers and large registered social landlords are also potential sources of investment in Garden Cities; they have the financial resources and expertise. There are now five large housebuilders in Britain's top 200 companies, and all have sites in their 'land banks' which are large enough for a Garden City. However, their investors expect strong financial returns over a relatively short period, and a Garden City may not meet their investment criteria. In contrast, large registered social landlords take a longer-term view and do not have pressures from investors. At least two of the largest registered social landlords are now actively promoting Garden Cities.

In formulating a funding strategy for the actual development of the infrastructure for a Garden City, local authorities should not necessarily see institutional finance as the primary or most desirable option. Particularly when interest rates are so low, local authorities should be confident that private investors will offer terms that are preferable to those available from central government. This will include consideration of the cost of finance, the length of time before loans or bonds have to be repaid, and the conditions that the lender will impose on the LDV or the local authority. It is particularly important to clarify the last of these factors since some conditions (for example options to call in loans at fixed dates) may be barriers to proper completion of the Garden City over the long term. It may emerge that a combination of public and private finance, with the public sector taking on the risks that it is most able to manage, is the best way forward; this would leave private investors less exposed and thus able to offer better terms.

Overall, for viable projects the availability of funds from both the public sector and the private sector should not be a barrier to the successful development of a Garden City.

5 Framework for moving forward

Amazing MK



The decision on the most appropriate approach for a local authority to deliver and finance new Garden Cities and new communities inspired by the Garden City principles will be specific to the project itself. The opportunity to use the New Towns Act to drive delivery is fast becoming a reality. However, this will not be most suitable option in every case.

While the issues are complex, the relationship between the delivery model and investment is clear. There are huge opportunities to co-ordinate significant expenditure to deliver high-quality new places. Viability is at the heart of deciding whether a full Garden City approach is right way forward. Taking a long-term view and linking finance and delivery approaches makes it possible.

The approaches taken will be diverse, and professional advice will be necessary to identify the right model in each case, but there remain three headline factors which should drive whatever approach is taken. Early consideration of these factors is essential to secure better delivery:

- **There is always an opportunity for land value capture:** Funding sources for new Garden Cities will be diverse, but places can be self-financing over time through the capturing, sharing and re-investment of land value uplift. While the Garden City model, applied early and comprehensively, provides the greatest opportunity for this, there remain opportunities, albeit more limited, to capture land values on smaller sites and for schemes that are already some way through the development process.
- **The delivery body will de-risk the process for investors and stakeholders:** A dedicated organisation, with the right staff and skills, is essential to oversee the complex task of delivering a new community. Delivery vehicles that commit to high standards and long-term delivery make private and public sector investment an attractive prospect. Such an approach also provides reassurance for local people as it demonstrates a commitment to deliver what is promised.
- **Successful places require a long-term stewardship model:** It is vital that a proportion of the development values captured through the delivery process is invested in one or more organisations that will look after the development in the long term and in the community interest. The right financial model can ensure that funds are available in perpetuity to maintain community assets and provide additionality to the services provided by the local council.

6 Case studies

Good practice on delivering a Garden City is still emerging, and government policy on how best to enable the development of Garden Cities is still evolving. However, the three case studies presented here – Northstowe, in Cambridgeshire; North Essex Garden Communities; and North West Bicester, in Oxfordshire – each provide valuable insights for a local authority considering how best to move forward.

6.1 Case Study 1: Northstowe, Cambridgeshire



Northstowe is a planned new town of up to 10,000 homes located five miles to the north west of Cambridge in the South Cambridgeshire District Council area. Phase 1, offering 1,500 homes, is being promoted by Gallagher Estates, which is disposing of sites to various housebuilders. The HCA is the owner of the majority of the land for the remainder of the development. Once completed, Northstowe will be one of Cambridgeshire's largest towns, with new educational, leisure, retail, and community facilities. The site will be developed mainly with two-storey housing for families, with some apartments in the town centre. The Cambridgeshire guided busway, providing services to Huntingdon and Cambridge, has key stops alongside Northstowe.

Northstowe was first proposed as a new town in 1998, when the major landowners, Defence Estates and Gallaghers, promoted the Oakington Barracks site through the review of regional planning guidance. In 2007, South Cambridgeshire District Council allocated the site in its local development framework and prepared an area action plan, providing the basis for the outline consent for phase 1 granted in 2014.

Improvements to the A14 are essential to accommodate the traffic that will be generated by phases 2 and 3. The A14 scheme is part of the government's national road programme and the Highway Agency's formal development consent order was issued in May 2016. Construction commenced in late 2016.

Accelerated Construction (Direct Commissioning) at Northstowe

In late 2014 the HCA and DCLG evaluated the long-term options for Northstowe and decided that the HCA should act as master-developer, funding and commissioning key enabling works and selling serviced land to housebuilders. This approach was then further refined during 2015, which led to a proposal for the site to be included as one of the pilot sites for the new Direct Commissioning initiative announced by the government in the 2015 budget. This was to be the first stage of what has now been expanded and is referred to as the Accelerated Construction programme.

This approach seeks to increase the pace and quantum of housing delivery and provides an opportunity to deliver additional government priorities such as starter homes. The approach requires the HCA to take a more direct role in developing houses and therefore accepting greater sales risk. In return, the HCA has the opportunity to take a greater share of development receipts and hence overall financial returns.

The Accelerated Construction programme aims to get more homes built more quickly on public sector land. Various delivery models may be used, but all will involve working with a partner – either a contractor or a developer as appropriate, utilising their skills, finance and sales experience. Northstowe is one of the HCA's key Accelerated Construction sites and is being refined as the scheme progresses.

Key lessons

The Accelerated Construction/Direct Commissioning approach being promoted by the HCA may prove to be an effective mechanism for building Garden Cities at a much faster rate than otherwise would be the case.

The process of gaining an allocation for a new Garden City in a Local Plan can take many years even when landowners, the government, and the district and county councils see in-principle merit in the proposal.

Further information is available from the Northstowe website, at

<http://www.northstowe.com/>

6.2 Case Study 2: North Essex Garden Communities

Braintree District, Colchester Borough, Tendring District and Essex County Councils are working closely together to meet future growth requirements across North Essex. The three district councils have aligned their Local Plan processes and are considering three potential new settlements: one on the Tendring-Colchester border near the University of Essex, one on the Colchester-Braintree border, and one on the land to the west of Braintree on the

Uttlesford District Council border. It is envisaged that the sites for each new community will be allocated through the respective Local Plan(s) in accordance with normal statutory requirements.

The councils published a *Garden Communities Charter*¹⁸ in 2016 and a shared strategic vision has been drawn up:

*'North Essex will be an area of significant growth over the period to 2033 and beyond, embracing positively the need to build well-designed new homes, create jobs and improve and develop its infrastructure for the benefit of existing and new communities. Sustainable development principles will be at the core of the strategic area's response to its growth needs, balancing social, economic and environmental issues. Green infrastructure and new and expanded education and health care facilities will be planned and provided; while the countryside and heritage assets will be protected and enhanced.'*¹⁹

The three settlements could accommodate up to 43,000 homes, with the charter proposing a commitment of one job per household within a sustainable commuting distance. In addition, there is a strong commitment to community engagement, long-term stewardship of the assets created, and strong proactive public leadership to deliver each settlement. It is envisaged that the total capital expenditure, including on all social and physical infrastructure but excluding homes, employment space, etc., could exceed £2,900 million at current prices.

The four councils initially met all of the costs of the early stages of work needed to prepare the proposals. This provided the foundation for a successful application to DCLG for financial capacity support in response to *Locally-Led Garden Villages, Towns and Cities* prospectus in 2016. The North Essex Garden Communities project now forms one of the largest government-sponsored 'garden town' projects in the country.

North Essex Garden Communities Limited

To support the project, a detailed governance structure has been drawn up, consisting of a strategic steering group and numerous working groups. This was followed in early 2017 by the formation of North Essex Garden Communities Ltd (NEGCL). This umbrella organisation has been charged with managing the delivery of the three 'garden communities'.

Locally-led development corporation

Most of the land in the search areas is not in control of the councils. The councils have built working relationships with the relevant landowners and/or promoters of potential sites to gain their support for the proposed approach to delivery. This has included exploring the opportunity to seek prior agreements with landowners and/or promoters that would enable NEGCL to create local delivery vehicles which have control of the land, dispose of sites to housebuilders and other developers, recover the costs of the advance infrastructure, and share surpluses from land disposals.

Following the government's commitment to amend the New Towns Act 1981 to allow for locally-led development corporations (see Section 2.3), NEGCL concluded that the most effective approach would be to seek approval from Braintree, Colchester, Tendring and Essex

18 *Garden Communities Charter*. AECOM, for North Essex Garden Communities Charter, Jun. 2016. https://www.braintree.gov.uk/downloads/file/5787/garden_communities_charter

19 As set out, for example, in the Colchester draft Local Plan, *Publication Draft Stage of the Colchester Borough Local Plan 2017-2033*. Colchester Borough Council, Jun. 2017, para. 1.30. <https://colchester.jdi-consult.net/localplan/readdoc.php?docid=6&chapter=1&docelemid=d943>

Councils to apply to the government for development corporation status. In September 2017, all four councils approved the decision to take forward discussions on the development corporation plan and commit funds for the future of the projects.²⁰ Should it proceed, the development corporation would be a locally controlled, stand-alone body with significant powers handed to it directly from central government, which would facilitate infrastructure and include the opportunity to compulsory purchase land and borrow money directly from HM Treasury.

Key lessons

Making a policy commitment to deliver development on site in line with the Garden City principles makes it more likely that resources will be employed to explore opportunities to capture land values. Joint-working and commitment across relevant authorities via a legal entity can provide the certainty and resources to explore a number of different options to achieve this, even though not all may be successful. It can also provide the flexibility and confidence to adapt to new opportunities such as changes in legislation to pursue the best means to capture and share land value uplift.

A public commitment to the Garden City principles and long-term stewardship (through policy or organisational commitment), along with support from local officers and elected members, provides a level of certainty for local people and decision-makers that the proposed vision is more likely to be delivered. This also de-risks the process for both the public and private sector investors. The use of a development corporation would reinforce this confidence while providing the powers and long-term commitment to capture and share land value uplift.

Further information is available from the North Essex Garden Communities website, at <http://www.ne-gc.co.uk/>

6.3 Case Study 3: North West Bicester

North West Bicester is the UK's first eco-town, a pioneering project underpinned by environmental integrity and a long-term vision for the area. Elmsbrook, now occupied by residents, is the first phase of a masterplan to create up to 6,000 new eco-homes, jobs and associated community facilities in North West Bicester.

The development will grow strategically, in timed phases to 2018. Elmsbrook received planning approval in July 2012 and is governed by the government's Eco-town Planning Policy Statement (PPS), delivering a comprehensive set of eco-credentials, including true zero carbon status, and has also been awarded 'One Planet Living' status, one of only 11 recipient developments in the world.

Bicester was awarded 'garden town' status by DCLG in December 2014, following a successful bid by Cherwell District Council which set out how it planned to provide affordable homes, new schools and jobs, and at the same time preserve the countryside. Bicester is also part of NHS England's Healthy New Towns programme, supported by Public Health England. The Bicester bid was secured through the innovative approach being undertaken at Elmsbrook to design-in health from the outset and create a place where sustainable and healthy living is the norm.

20 'North Essex Development Corporation plans gain County Council support'. Webpage. North Essex Garden Communities, Sept. 2017. <http://www.ne-gc.co.uk/north-essex-development-corporation-plans-gain-county-council-support/>



Part of the Elmsbrook development at North West Bicester

Delivery arrangements

Housing provider A2Dominion, one of UK's largest housing groups, is leading on the masterplan for North West Bicester and is the developer for Elmsbrook. Profits from private home sales are re-invested into affordable homes. As landlord of the 30% affordable housing at Elmsbrook, A2Dominion can take a long-term view on how a community is created. It works in close partnership with Cherwell District Council, which has proactively championed the development, and has been instrumental in securing the high environmental standards.

Having commenced the exemplar phase in April 2014, A2Dominion has prepared and submitted two outline planning applications for a further 206 hectares of the masterplanned site. The applications are fully compliant with the masterplan and include the strategic infrastructure to enable early delivery of the wider vision for North West Bicester.

Together, these applications are the next step towards the delivery of North West Bicester. Combined with proposals in a third application, for a A4095 strategic link road, A2Dominion will provide the supporting transport infrastructure and associated mitigation measures that will help underpin the wider scheme.

Key lessons

Cherwell District Council has been the key driving force behind the delivery of the development, backed up by its commitment to the strong policy in the Eco-towns PPS. The developers have proved that it is viable to deliver beyond-zero-carbon development, resulting in high levels of interest from buyers, with people increasingly wanting to live a more sustainable lifestyle. These are lessons that can be transferred to other Garden City developments.

Future challenges include meeting the expectations of Bicester's existing and future residents, ensuring design and quality standards are maintained and improved over the 30-year programme, and to constantly evolve to be the most sustainable development.

Further information is available from the North West Bicester website, at <http://nwbicester.co.uk/>, and from A2Dominion's Elmsbrook website, at <https://www.fabrica.co.uk/elmsbrook-bicester-ox27>

TCPA Garden Cities publications

- *Creating Garden Cities and Suburbs Today: A Guide for Councils*. Mar. 2013. <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=728ee8cf-ef8f-4c51-bc5c-8c4bbd1eab9f>
- *The Art of Building a Garden City – Garden City Standards for the 21st Century*. Jul. 2014. <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=15aa0250-9200-491a-9f56-b81475df64ad>
- *Built Today, Treasured Tomorrow – A Good Practice Guide to Long-Term Stewardship*. Jan. 2014. <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=896adf50-f4d0-4ade-9810-5ff2aef50ada>

Garden City Standards for the 21st Century: Practical Guides for Creating Successful New Communities

The TCPA has produced a suite of guidance outlining practical steps for all those interested in making 21st-century Garden Cities a reality. Guidance provides detail and case studies on a wide range of key issues, including planning, investment, land assembly, delivery, and long-term stewardship:

- *Guide 1: Locating and Consenting New Garden Cities* (2017)
- *Guide 2: Finance and Delivery* (2017)
- *Guide 3: Design and Masterplanning* (2017)
- *Guide 4: Planning for Energy and Climate Change* (2016)
- *Guide 5: Homes for All* (2016)
- *Guide 6: I'd Love to Live There! Planning for Culture and the Arts* (2016)
- *Guide 7: Planning for Green and Prosperous Places* (2017)
- *Guide 8: Creating Health-Promoting Environments* (2017)
- *Guide 9: Long-Term Stewardship* (2017 – forthcoming)

All available at <https://www.tcpa.org.uk/guidance-for-delivering-new-garden-cities>

TCPA publications on delivery vehicles

- *How Can Councils Secure the Delivery of More Affordable Homes? New Models, Partnerships and Innovations. Resources Available to Councils*. Jun. 2017. <https://www.tcpa.org.uk/how-can-councils-secure-the-delivery-of-more-affordable-homes-new-models-partnerships-and-innovations>
- *Building Homes Together: Case Studies of Local Leadership and Innovation*. Feb. 2017. <https://www.tcpa.org.uk/building-homes-together2017>
- *New Towns and Garden Cities – Lessons for Tomorrow. Stage 2: Lessons for Delivering a New Generation of Garden Cities*. Sept. 2015. <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=62a09e12-6a24-4de3-973f-f4062e561e0a>
- *Built Today, Treasured Tomorrow – A Good Practice Guide to Long-Term Stewardship*. Jan. 2014. <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=896adf50-f4d0-4ade-9810-5ff2aef50ada>

Other sources of information

- BREEAM Communities
<http://www.breeam.com/communities>
- Co-operatives UK
<http://www.uk.coop/>
- Department for Communities and Local Government
<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>
- Design Council Cabi
<http://www.designcouncil.org.uk/our-services/built-environment-cabi>
- Homes and Communities Agency
<https://www.gov.uk/government/organisations/homes-and-communities-agency>
The HCA can provide specific advice on large-scale development and the government's Locally-led Garden Villages, Towns and Cities programme. For further details on the programme, contact Fionnuala Lennon at Fionnuala.Lennon@hca.gsi.gov.uk
- Letchworth Garden City Heritage Foundation
<http://www.leitchworth.com/heritage-foundation>
- Local Government Association
<http://www.local.gov.uk/>
- National Community Land Trust Network
<http://www.communitylandtrusts.org.uk/home>
- National Custom and Self Build Association
<http://www.nacsba.org.uk/>
- Planning Advisory Service
<https://www.local.gov.uk/pas>
- TCPA New Communities Group (NCG)
<https://www.tcpa.org.uk/new-communities-group>
- UK Cohousing Network
<https://cohousing.org.uk/>

Annex 1:

Summary of available government support for new communities, at November 2017

Locally-Led Garden Villages, Towns and Cities programme – Garden Villages

<https://www.gov.uk/government/publications/locally-led-garden-villages-towns-and-cities>

Type of support: ■ Delivery enabling funding and support.
■ Brokerage.
■ Access to government housing funding streams.
■ Financial flexibilities.
■ Planning freedoms.
■ Support in setting up delivery vehicles.

Available to: An expression of interest must be submitted by a local authority. Bids are welcome that are supported by private sector developers and/or landowners.

Deadline for application: First submission deadline was 31 July 2016. 14 Garden Villages announced in January 2017.

Timescales: No further bidding round currently announced.

Locally-Led Garden Villages, Towns and Cities programme – Garden Towns

<https://www.gov.uk/government/publications/locally-led-garden-villages-towns-and-cities>

Type of support: ■ Delivery enabling funding and support.
■ Brokerage.
■ Access to government housing funding streams.
■ Financial flexibilities.
■ Planning freedoms.
■ Support in setting up delivery vehicles.

Available to: An expression of interest must be submitted by a local authority. Bids are welcome that are supported by private sector developers and/or landowners.

Deadline for application: Ongoing rolling programme.

Timescales: No further bidding round currently announced.

Accelerated Construction

<https://www.gov.uk/government/publications/accelerated-construction-local-authorities-expressions-of-interest>

Type of support: Tailored package of support to ‘ambitious local authorities’ who want to develop out surplus land holdings at pace.

Available to: There is no single approach that the government expects to support. Its intention is to support a range of proposals at different scales and in locations where there is sufficient demand for housing.

Deadline for application: Applications were due to be submitted by 28 February 2017.

Timescales: No further application round currently announced.

Large Sites and Housing Zones Capacity Fund

<https://www.gov.uk/government/publications/large-sites-and-housing-zones-capacity-fund-guidance-for-local-authorities>

Type of support: £18million resource funding available in 2016 to 2017 to develop/build capacity in local authorities and to extend the capacity within the HCA, through external resources, to support the delivery of large and complex sites. The funding is aimed at existing government initiatives and programmes. Support can be provided in the form of grant funding to local authorities and HCA-managed consultancy support, with an expectation that every endeavour will be made to utilise the funding in 2016/17 as far as is possible. It is

envisaged that a level of matching support/contribution (either in terms of funding or staff resources) will be provided by local authorities in receipt of this funding.

Available to: Local authorities.

Deadline for application: Bids were to be submitted by 9 December 2016.

Timescales: No further bidding round currently announced.

Home Building Fund

<https://www.gov.uk/government/publications/home-building-fund>

Type of support: £3 billion of government finance to increase the number of new homes being built in England:

- **Development finance:** Loan funding to meet the development costs of building homes for sale or rent.

- **Infrastructure finance:** Loan funding for site preparation and the infrastructure needed to enable housing to progress and to prepare land for development.

Loans can be tailored to individual circumstances.

A range of non-financial support from the HCA is also available for larger infrastructure schemes to help overcome barriers to them progressing more quickly.

Available to: Applications are being accepted from private sector businesses to build new homes or prepare sites for development.

Deadline for application: Contact the HCA for further information and to make an enquiry.

Timescales: Ongoing continuous market engagement with the HCA.

Housing Infrastructure Fund

<https://www.gov.uk/government/publications/housing-infrastructure-fund>

Type of support: £2.3 billion capital grant programme to unlock up to 100,000 new homes by funding infrastructure in areas of greatest housing demand.

Available to: The fund will be allocated to local authorities on a competitive basis. Funding is for the period from 2017/18 to 2020/21 and is divided into two streams:

- **Marginal Viability Fund (MVF):** For bids up to £10 million to provide the final piece of infrastructure funding to unblock the development of homes.

- **Forward Funding (FF):** For bids of between £10 million and £250 million for strategic and high-impact infrastructure projects.

Deadline for application: Submission deadline for bids from local authorities was 28 September 2017.

Timescales: Submitted MVF business cases will be assessed and funding awards announced from late 2017. Submitted FF expressions of interest will be assessed and the best proposals will be taken through to the second stage, with business cases developed by local authorities and submitted in spring 2018. These will be assessed and funding awards announced from summer 2018.

New fund for homes and infrastructure – name and details of fund to be confirmed

Para. 2.16 of the Housing White Paper – https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

Type of support: £25 million of new funding to help 'ambitious authorities in areas of high housing need' to plan for new homes and infrastructure. This funding will support local authorities to engage their communities on the design and mix of new homes, as well as where they should go. And it will aim to enhance their capacity to manage delivery.

Available to: To be confirmed.

Deadline for application: To be confirmed.

Timescales: To be confirmed.

Starter Home Land Fund

<https://www.gov.uk/government/publications/starter-homes-unlocking-the-land-fund>

Type of support: Support for the acquisition, remediation and de-risking of suitable land for starter home developments that can then be built out by developers by 2020.

Available to: Local authorities.

Deadline for application: Initial expressions of interest were to be submitted by 13 May 2016.

Timescales: Continuous market engagement with the HCA.

Shared Ownership and Affordable Homes Programme 2016 to 2021

<https://www.gov.uk/government/collections/shared-ownership-and-affordable-homes-programme-2016-to-2021-guidance>

Type of support: Aims to increase the supply of shared ownership and other affordable homes in England by March 2021.

Available to: Bids to the HCA welcome from organisations that have not previously received funding. Priority will be given to projects identified as garden villages, towns and cities.

Deadline for application: Bidding opened in April 2016 through publication of a prospectus. Initial allocations of capital grant for new affordable housing schemes were announced on 5 January 2017. As planned, these did not allocate all of the available budget, with £1.3 billion remaining available.

Timescales: Continuous market engagement with the HCA.