

Croydon builds 'Brick by Brick'

Colm Lacey explains how authorities can deliver development activity which directly benefits local communities by establishing their own independent development company



RIGHT:
Coldharbour Road
vPPR architects



Colm Lacey is Managing Director and CEO of Brick by Brick
Photo ©NinaSologubenko

There are many unique things about Croydon. The lack of supply of homes to suit local housing need is not one of them. The borough's population is rising and is set to rise still further in the years ahead. Aside from the quantum of homes needed to house residents new and old, the affordability of homes for purchase and for rent is an increasingly challenging and emotive issue.

Clearly, the productivity of the wider development sector is instrumental in addressing these needs and strategic instruments such as Croydon's new Local Plan will go a long way to enabling the development of new multi-tenure homes on appropriate sites throughout the borough. However, the private development industry, like most other economic ecosystems, has a finite and consistent production capacity and it is obvious that

the council must take a very direct role in delivery if a transformative change in local housing supply is to occur.

Traditionally, housing development on council land has taken place using land disposal or joint venture agreements with 'property developers', an arrangement which often didn't deliver housing at the scale, tenure, quality or speed anticipated. Nor did this process really divest councils of development risk, or at least not to the extent that the comparatively paltry returns accruing to them would suggest. This type of experience has led Croydon and many other local authorities to seek a different approach to development and house building.

Most councils already have the attributes of a serious development actor. They are major land owners, usually with enormous potential for new homes to be delivered on this land. They

are trusted financial entities, with very considerable short and long term borrowing capacity. They are staffed by people who, in one way or another, have been involved in steering the various processes of urban change through a range of economic conditions.

So, in the context of seriously constrained central government funding and the attendant unobtrusive nudge towards public sector commercialisation, how can authorities release the true value of these resources and deliver development activity which more directly benefits local communities?

In Croydon, our answer was to establish our own independent development company, 'Brick by Brick'. Brick by Brick is structured as a private company (with the council as sole shareholder), placing it on an equal commercial footing with private developers. It borrows development finance from the council, paying a market rate for those funds which is significantly greater than that at which the council borrows, and uses this finance to purchase land from the council (again at market rates), prepare planning applications and develop out schemes. Any profit which arises from development activity is returned in full to the council as sole shareholder to be used to fund further development activity or invest in frontline council services.

The basic intention here is to create a sealed economic sys-

tem which prevents value from the development process from leaking out of the borough. So funding value, which would traditionally be paid to a bank in the form of an interest rate, is returned to the council as primary lender. Development and land related value, traditionally accruing to a developer or housebuilder, is returned in full to the council in the form of dividend. Similarly, there are potential economies of scale on build costs when delivering at scale, countering the many problems councils face when engaging with the contractor market for one off projects.

One of the key aims of the company is to enable housing delivery in locations which would not otherwise come forward for development. By nature, Brick by Brick sites are infill or brownfield sites with an average lot size of around 20 units in suburban locations with comparatively low land values. In other words, constrained, complicated and certainly not the type of plots which would excite your common-or-garden housebuilder.

In this context, the initial site identification process must include a significant amount of due diligence to avoid abortive costs. In our case, we undertake a detailed, construction focussed exercise including analysis of a wide range of issues such as policy and development control considerations, utilities surveys, geotechnical/civils, access issues etc. Using this

RIGHT:
Kingsdown
Mae architects





process, around 45 potential development sites have been identified thus far with a broad geographic spread throughout the borough.

Even with the benefit of this analysis, a huge amount of work is still required to resolve physical site issues, address adjacency conditions and accommodate existing uses. Design innovation and expertise is therefore crucial, and Brick by Brick makes a point of commissioning a range of housing-focused architecture practices, usually small to medium sized, who are willing to work in close collaboration and in very fine grain with the client to realise the full potential of these complex sites. Alongside this we have established an experienced in-house architecture team who act as a practice in their own right on some of our sites in addition to providing programme wide design specification and expert design clienting services.

One of the others reasons we do this is because the potential impact of considered design in a programme like ours is vast. Ours are small, inherently local schemes, delivered at scale in many different locations throughout the borough. In a place like Croydon, which has struggled in the past with perception and reputation, the daily influence of properly designed schemes on streetscape quality and local pride and identity could be highly significant.

Brick by Brick has made real progress over the last year, submitting 30 planning applications for our smaller sites programme which will provide around 600 new residential units. These sites have thus far provided some great case studies for development in outer London. Despite the comparatively low value context (typically £350 to £600 psf), we have been able to achieve 50% affordable housing in our applications to date, almost three times the average developer offer in Croydon over the last five years. This is partly due to our programme wide approach to affordable housing delivery, but it also offers an important narrative about the potential for affordable housing delivery in the absence of overinflated land prices and/or excessive developers profit.

We have also begun taking on larger sites, with 18 sites at pre-application stage which could provide 600 residential units and 45,000 sqft of new community facilities. Our 'Cultural Quarter' scheme in Central Croydon recently received planning approval and features a £30m investment into the wonderful Fairfield Halls complex, a new 200,000 sqft college/university building and approximately 1,400 new residential units alongside new public realm, retail and leisure space. Enabling works for this scheme are now on site with main works due to start in the summer.

Of course there remains much to do, and we are under absolutely no illusions about the scale of the challenge ahead. We go to tender on our smaller sites programme later in the summer and while there has been a pleasing amount of interest thus far from quality contractors who want to join us on our journey, the cost, quality and programme task remains ever present.

However, our ambition remains clear and undimmed - to create a sustainable framework for development activity which genuinely delivers local benefit yet remains robustly commercial. So far, so good. ■



ABOVE:
Homefield House
Pitman Tozer architects

BELOW:
Regina Road
Stitch architects

Colm Lacey is Managing Director and CEO of Brick by Brick and is responsible for the day-to-day operation and strategic direction of the company, and the delivery of all schemes. He is also currently Director of Development for Croydon Council, promoting responsible development activity throughout the borough and leading on major capital delivery projects. Previously, Colm has held a variety of high profile positions across London delivering some of the capitals most complex and demanding projects. This has included time at LB Newham as Director of Regeneration and Planning leading on the post-Olympic rebuilding of Stratford and the Royal Docks, and at the Greater London Authority leading on major regeneration projects in south and east London.