



30 October 2015

**Response to call for evidence:**

**All Party Parliamentary Group for Excellence in the Built Environment - Inquiry into the Quality of New build Housing in England**

This paper has been prepared in response to the All Party Parliamentary Group for Excellence in the Built Environment's call for evidence in relation to the Quality of New Build Housing in England.

This paper is structured into the following headings to ensure a thorough response to the scope of the call for evidence:

1. Summary of Pocket's model
2. Improving design quality and spatial standards
3. Ensuring better quality workmanship and off-site manufacturing
4. Operational and maintenance costs for the homeowner and improving new home owner experience

Each of the above section includes a general summary of the pertinent issues and concludes with tangible and practical recommendations, as requested in the call for evidence notice.

**1. Summary of Pocket's model**

Pocket is an award winning London developer helping singles and couples on moderate incomes to fully own a home of their own. Pocket provides affordable housing that supplements traditional affordable housing.

Pocket's homes are sold at a minimum discount to the local market of 20% and their future affordability is governed through a Section 106 and lease agreement which controls the resale value, and stipulates that the homes can only be sold to people on a household income of less than the current London Plan affordable housing earning threshold for one (and two) bedroom homes.

Unlike conventional shared ownership and shared equity products, Pocket buyers own 100% of the equity and the value of their home from day one, but resales are restricted to other eligible buyers, so instead of being released back onto the open market eventually, Pocket homes remain in the affordable arena forever.

We work with local authorities to develop small urban sites that are close to transport links, to help local people get onto the housing ladder. In order to be eligible for a Pocket home you must meet certain criteria:

- Be eligible for affordable housing;
- Live or work in the borough; and
- Be a first time buyer.

Pocket homes satisfy the definition of affordable housing in the NPPF and the definition of 'discount market homes'. The GLA has confirmed that Pocket homes count towards LPA's affordable housing numbers. Similarly, we have received confirmation that Pocket homes are exempt from the Mayoral CIL contribution.

In a landmark deal, Pocket has been awarded £26.4m loan funding for 10 years by the Mayor of London as part of his Housing Covenant commitment to help thousands of working Londoners into home ownership. Over the next 10 year loan period Pocket expect some 5000 more Londoners will be able to buy their own home outright.

To date, Pocket have completed over 200 homes across 7 developments. We currently have circa 650 homes in development across a further 16 sites.

Design quality is a key part of our offer to local authorities and has become synonymous with the Pocket brand. This is demonstrated by the panel of multiple award winning architects, with whom we are currently developing projects:

- de Rijke Marsh Morgan Ltd (dRMM)
- Gort Scott
- HTA Design LLP
- Haworth Tompkins (Stirling Prize winners 2014)
- Maccreanor Lavington (Stirling Prize winners 2008)
- Metropolitan Workshop
- PRP
- RCKa
- Waugh Thistleton

In addition, Pocket's largest project to date – a 24 storey tower in Wandsworth, has recently been recognised for design quality in the New London Architecture Awards (2015) for best housing project (unbuilt).

Pocket is currently the only private developer included in the DCLG Starter Homes Technical Working Group, where we are working proactively with all stakeholders to ensure the optimum outcome for the policy and associated regulation.

Given Pocket's exemplary approach to design quality, our history of proactive engagement with policy makers, and our affordable starter home model, we are in a unique position to positively engage with the APPG on the issues covered under this enquiry and would be very interested in participating in the formal sessions to be held during November and December 2015.

More information on Pocket's homes and development activities can be found on our website: [www.pocketliving.com](http://www.pocketliving.com)

## **2. Improving design quality and spatial standards**

Pocket fully supports the recent introduction of the new Technical Standards, including the minimum space standards for new dwellings included therein. Indeed, Pocket have been working within similar standards, included in the London Plan and the Mayor's Residential Supplementary Planning Guidance (SPG) for several years.

Pocket's fully compliant, but compact, 1 bedroom homes can be seen as proof of concept for the success of the standards – providing a high quality, functional and sustainable home at around the minimum standards. Importantly, our buyers love their homes – we currently have a waiting list of potential buyers that exceeds 20,000 – with expectations of building only circa 4000 homes by 2023.

Furthermore, we support the philosophy behind the introduction of the National Technical Standards, in separating technical issues from the planning process. We do however retain reservations as to the implementation of this strategy at borough, and officer level. Anecdotal feedback suggests that in practice, officers anticipate a 'business as usual' approach to technical

matters (such as access, floor to ceiling heights, spatial standards, etc) on the basis that they have a duty to ensure that any conditions applied to a consent can be discharged. The potential duplication of assessment of such criteria introduces clear concerns about interpretation and/or conflict between departments, and will inevitably introduce confusion and uncertainty in the short term.

Whilst we support the space standards included in the new National Technical Standards, we believe that there should be recognised mechanisms to depart from these standards under certain circumstances. For example, in locations that have been identified for high density residential led development (i.e. Home-zones), and where exemplary design is demonstrated, we believe that greater latitude should be applied to the space standards.

Specifically, we believe that, in scenarios such as that outlined above, a 'two bedroom, two person' standard should be supported, at a net internal area of circa 55sqm. Such a standard – targeted at first time buyers, single parents, down-sizers and 'sharers' will clearly offer opportunities to optimise capacities, whilst enhancing choice to the consumer.

Pocket ran a design competition to explore this space standard in 2014, inviting 20 leading architects to prepare a design proposal. The publication generated out of this process, which includes a design 'tool-kit' for unlocking space in compact designs, is available to download via the following link: <https://www.pocketliving.com/homes/ebook>

The issue of exemplary design is a further matter for consideration. In reality Development Control departments are invariably under-resourced and over worked, therefore the introduction of an assessment of a subjective criteria such as 'exemplary design' is unlikely to function within the current constraints of the system. We would therefore encourage the following mechanisms to assess design quality:

- Establishment of a centrally resourced Design Review Panel to support local authorities that do not operate their own panel;
- Strengthening of the scope and power of local authority Design Review Panels;
- Extension of Design Review Panel scopes to include 'small' housing projects;
- Production of clear residential design guidance, perhaps similar to that in existence for the design quality assessment of tall buildings, to assist officers in their appraisal. Pocket would advocate a proposal along the lines of the Design Council's Build for Life Assessment Method, rather than anything overtly style or typology based (like the Starter Homes Design document, published in March 2015).

Finn Williams and the GLA have developed further thinking around how the resource shortfall in Local Authorities can be proactively addressed whilst strengthening the understanding and collaborative potential of the public and private sectors – refer to the Farrell Review website for further information ([www.farrellreview.co.uk/\\_downloads/champions/Public\\_Service.pdf](http://www.farrellreview.co.uk/_downloads/champions/Public_Service.pdf)). Pocket fully supports this emerging strategy.

*Recommendations:*

- i. Provide clear supplementary guidance to Development Control and Building Control officers as to their remit under the new technical standards to ensure that the philosophy behind the review is delivered, and to provide certainty to the housebuilders.*
- ii. Support the GLA Public Service initiative to establish a central pool of additional planning resource whilst strengthening the public/private partnership.*
- iii. Provide formal mechanisms and guidance for instances where greater latitude should be afforded to the Technical Housing Standards – nationally prescribed space standard, including the provision of a 2 bedroom 2 person standard for high density development opportunities.*

- iv. *Review mechanisms to provide independent design guidance to local authorities that do not operate a Design Review Panel. Extend the scope (and funding) of Design Review Panels to include smaller housing schemes. Provide better design guidance on good practice for residential design – perhaps based on the Build for Life Assessment.*

### **3. Ensuring better quality workmanship and off-site manufacturing**

Pocket have contracted on our first modular homes, which will be manufactured and delivered to site during 2016. Pocket has undertaken a broad due diligence process across a range of off-site approaches to determine which offer provides the optimum benefit to Pocket.

Our principal considerations in this process were:

- Improving health and safety
- Improving quality
- Improving the experience for existing residents in urban locations
- Cost and time savings.

Our due diligence process suggested that a full modular approach would offer the best advantages, however we currently estimate that less than 50% of our pipeline will be appropriate for off-site manufacture due to residual constraints, which include:

- Large load exclusion zone in central London (and the associated on-cost);
- Limited site area for storage; and
- Logistic constraints for transport to and from the site.

We believe it would be beneficial to undertake a holistic review on the physical constraints that limit the roll-out of modular techniques – particularly applicable to London. This might include developing recommendations to address the above issues, and to generate a set of recommendations that would support increasing use of off-site (for example subsidised hold-over areas to manage deliveries).

In addition to this, the appetite for mortgage lenders to lend against homes delivered using off-site manufacture remains inconsistent. We would urge central government to engage directly with the mortgage lenders to investigate whether the current barriers can be removed to ensure a broader pool of available lenders.

*Recommendations:*

- i. *Undertake a review of the current barriers to off-site housebuilding in London, including the large load exclusion zone in central London to mitigate the adverse financial impact associated.*
- ii. *Engage with mortgage lenders to ensure current barriers to lending are removed.*

### **4. Operational and maintenance costs for the homeowner and improving new home owner experience**

Pocket prioritise low operational costs and service charges for our purchasers. We do this through a careful life-cycle cost appraisal during the design process, coupled with a strategic 'post-occupancy evaluation' process that engages with both technical and consumer focused criteria.

Pocket is unique in that our partnership with purchasers can begin several years prior to purchase, and extends for the duration of their ownership of one of our homes. As such – ensuring a positive relationship is mission critical.

To further augment this process, we are in the process of developing what we aspire to be an industry gold standard 'soft-landings' strategy. Soft Landings is a BSRIA initiative aimed at closing the gap between design intent and operational performance, with a focus on ensuring that the homeowners are appropriately educated in how their homes perform. We would advocate greater

take up of the Soft Landings approach within the industry to formalise best practice and provide a measurable standard.

Pocket is also actively engaging with the BRE's Home Quality Mark – with our flagship project providing a pilot scheme for the new standard, and the Housing Forum/BLP/HTA Design LLP 'Home Performance Labelling' initiative – both of which are being developed to better equip home owners to understand the performance and experience of their homes.

*Recommendations:*

- i. Encourage better take up of the BSRIA Soft Landings strategy across the housebuilding industry.*
- ii. Support the Home Performance Labelling initiative.*

**Concluding Statement**

Pocket fully supports the intention behind this inquiry and believe we are uniquely placed to provide detailed and constructive evidence in relation to how the goals outlined in the call for evidence can be achieved. Pocket is already fully engaged with delivering the ambitions described, and we would welcome an opportunity to share our knowledge with the APPG.

We look forward to further engagement in due course.

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