Major Housing Development

Dale Gagen
Corporate Project Officer
How to scheme developed

• A political reaction to the economic collapse
• The brief: Do something that would make a difference
• We asked the market (developers, financial institutions and property advisers) how we could get developers interested
• What would the scale of the proposal need to be?
The Procurement Route

- EU Compliant – Negotiated Route
- Variant bids considered
- Bidder Day
- ITT Stage 1
- ITT Stage 2
- Preferred bidder clarifications
- Contract Award
Aims of the scheme

• Build an estimated 587 housing units, of which 87 (15%) will be affordable units
• Initial view included 200 private rental properties
• Achieve a significant delivery of housing over a 4-5 year period
• Obtain a commercial return for the Council over the longer term
• Create economic activity in the local area
• Create apprenticeships in West Norfolk
Legal structure

Lovell paid as contractor for scheme design, a fee for selling and marketing properties

- King’s Lynn council take 90% of the profit on property sales at a set price, with Lovell taking the remaining 10%
- Any profit above the agreed price is split 50/50
King’s Lynn and West Norfolk Borough Council

**Development**
- £50m business case
- Optimise layout
- Secure planning

**Delivery**
- Discharge planning
- Discharge consents
- Build c400 homes

**Sales**
- Marketing expertise
- Sales experience
- Customer journey to completion

Lovell Partnership Housing
<table>
<thead>
<tr>
<th>Stages</th>
<th>Phase bid appraisal</th>
<th>Finances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediately prior to planning submission</td>
<td>Phase initial appraisal</td>
<td>First viability test</td>
</tr>
<tr>
<td>After planning approval</td>
<td>Adjusted phase initial appraisal</td>
<td>Fixes profit for 90/10 profit share and 50/50 excess super profit</td>
</tr>
<tr>
<td>Phase conditions satisfied - immediately pre start on site</td>
<td>Phase commencement appraisal</td>
<td>Further viability test and basis for JCT</td>
</tr>
<tr>
<td>After phase complete</td>
<td>Phase completion appraisal</td>
<td>Actual outturn</td>
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</table>
Plans

• Five different sites:

• Marsh Lane
• Lynnsport 1
• Lynnsport 3
• Lynnsport 4 & 5
Marsh Lane

<table>
<thead>
<tr>
<th></th>
<th>Open Market</th>
<th>Affordable</th>
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</thead>
<tbody>
<tr>
<td>1 bed apartment</td>
<td>0</td>
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<tr>
<td>2 bed house</td>
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<td>4 bed house</td>
<td>27</td>
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<tr>
<td>Total</td>
<td>110</td>
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Aerial views – Marsh Lane
Lynnsport 1

<table>
<thead>
<tr>
<th></th>
<th>Open Market</th>
<th>Affordable</th>
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<tbody>
<tr>
<td>2 bed house</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>3 bed house</td>
<td>36</td>
<td>3</td>
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<tr>
<td>4 bed house</td>
<td>19</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>70</strong></td>
<td><strong>12</strong></td>
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Lynnsport 3

<table>
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<tr>
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<th>Open Market</th>
<th>Affordable</th>
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<tbody>
<tr>
<td>2 bed house</td>
<td>19</td>
<td>4</td>
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<tr>
<td>3 bed house</td>
<td>26</td>
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<td>1</td>
<td>0</td>
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<tr>
<td>Total</td>
<td>46</td>
<td>8</td>
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Lynnsport 4 & 5

<table>
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<th>Affordable</th>
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<tbody>
<tr>
<td>2 bed house</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>3 bed house</td>
<td>49</td>
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<tr>
<td>4 bed house</td>
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</tr>
<tr>
<td>2 bed bungalow</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>76</strong></td>
<td><strong>13</strong></td>
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Aerial views – Lynnsport 4 & 5
Why work in partnership? - A King’s Lynn Perspective

• Partnership arrangements
• Joint decision-making
• Immediate raising of issues
• Resolving things quickly
• Understanding reasons for doing it
• Sharing of risk and reward
• Open and honest dialogue
• Using Private Sector expertise
Why work in partnership? – A Lovell Perspective

- Forge long standing relationships
- Social outputs
- Peaks and troughs (keep quality and momentum going)
- Replicable across different areas
- Margin sacrifice due to long standing certainty of work
Future benefits of partnership working

• Modular

• Expanded programme

• Having sold houses before – understanding of the issues outsourced to another company
What does the future hold?

- Other sites currently being considered and reviewed
- Confirmed - Nar Valley Park phase 4 - 100 units
- Confirmed - Hunstanton sites 60 units
- Return to PRS?
Any Questions?