MEDIA RELEASE

SEEDA study calls for partnership working to boost development

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A South East England Development Agency (SEEDA) report recommends a new partnership approach between property developers and the public sector to support a recovery in the development industry.

Published today, the SEEDA-commissioned report, *Beyond the Crunch – Building a Stronger South East*, by CB Richard Ellis (CBRE), investigates the impact of the recession on development in the South East and makes innovative recommendations on how to boost recovery.

The report, the result of extensive consultation with industry leaders and local authorities, finds that the recession has highlighted inherent weaknesses in the development industry. It recommends that new ways of working are needed to aid development recovery if the industry is to successfully regain momentum. Recommendations include the following:

- Closer private and public sector working to identify priority sites and schemes
- A new focus on skills and training across the industry
- Innovative finance solutions, such as pilots for Tax Increment Financing

Jim Brathwaite CBE, SEEDA's Chairman, said: "SEEDA recognises the importance of the development sector to the overall economic success of the South East. Both public and private sectors involved in the industry want to see it recover and so it is vital to explore new ways of working that could help speed this process. We want this study to stimulate opinions from the sector to help move this debate forward."

Sarah Whitney, Managing Director of the Regeneration and Development team at CBRE, said: Out of adversity comes opportunity and SEEDA was quick to recognise this by seizing the initiative to comprehensively consult across the development sector on both issues and practical solutions that the public and private sectors should consider implementing. At the heart of the report is the recognition that relationships between developers and local authorities need to change. Winning relationships in future will be based on mutual understanding, shared risk and reward, and common goals and objectives. The new financing and delivery models outlined in the report will only be deliverable if these new relationships are established. This is likely to require a considerable shift in behaviours and we have therefore included a number of recommendations which specifically address the demands of the new relationships.

Beyond the Crunch – Building a Stronger South East and its companion document providing a detailed assessment of the property market in the region are available to download at www.southeastexcellence.co.uk

Notes to Editors

- The study was conducted over six months and included a comprehensive consultation with developers, house builders, bankers, councillors, local authority officers and representatives of public bodies to develop the recommendations. At the beginning of 2009, sounding-boards were held with a cross-section of industry representatives to discuss the preliminary results.
- SEEDA brought together industry experts with regional and national stakeholders from the public and private sector at a conference in March to present the findings. More than 200 delegates attended to hear from Jonathan Shaw MP, Regional Minister for the South East, Iain Wright MP, Parliamentary Under-Secretary of State for Communities and Local Government and major interest groups. A number of recommendations were tabled and debated at the conference. These have been taken forward to the final report and further feedback is now being sought from the wider industry.
- **Beyond the Crunch – Building a Stronger South East**
  The key recommendations of the report include:
  - Local authorities should identify and prioritise important housing and commercial sites and engage with developers to assess delivery / viability as well as being flexible on Section 106 contributions
  - A skilled team should be formed from within SEEDA or the HCA to support local authorities in the review of S106 agreements. Professional training, including setting up a consultants panel to provide up to 50 hours of low cost consultancy support, should also be made available to authorities looking at partnership structures for priority developments
  - In the current climate, developers can no longer sustain carrying the bulk of the financial risk associated with projects. Local authorities need to consider taking more risk but also more potential reward
  - South East England should identify pilot areas in which Tax Increment Financing should be evaluated and seek to influence the major political parties on the issue
  - Review the region's potential housing development projects to identify schemes which would fulfil the criteria for private rented development
  - Local authorities with financial resources and borrowing capacity should consider land acquisitions in support of long term development
  - SEEDA and the regional partners should seek further guidance on the impact of the Roanne judgement, which casts legal doubt on development agreements by the public sector without formal tendering process
  - Local authorities should work together and draft a statement of principles for best practice in working relationships. Over 60% of private sector delegates and 85% of public sector delegates at SEEDA's March workshop agreed
  - A 'neutral space' should be created for sharing between public and private sectors along with cross-sector mentoring, work shadowing and role playing as methods to build mutual perspective
  - Skills and training: Councillors involved in property related decision making should be offered a regular criteria based appraisal of their skill-set and offered formal training, there should be an online skills bank for built environment specialists in the South East and local authorities could share the specialised skills they have in-house. Local authorities could do more to train and expand the skills of staff with a voluntary regional levy on planning applications to help finance professional programmes

- **SEEDA, the South East England Development Agency,** is the Government-funded agency responsible for the sustainable economic development of the South East of England – the driving force of the UK's economy. Through supporting businesses, encouraging innovation, developing skills and engaging with public and private partners, we aim to create a successful, sustainable future for the region.

- **SEEDA's support helped deliver the following** over the period 2005-2008:
    - 17,500 jobs created or safeguarded
    - 32,500 people helped to get work
    - 10,000 businesses created or attracted to region
    - 137,500 businesses assisted
    - £638m investment, 45% levered from private sector
    - 200ha Brownfield land remediated
    - 148,500 people assisted in skills development

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- **About South East Excellence** was launched by SEEDA in September 2005 in response to the Government tasking the Regional Development Agencies with establishing Regional Centres of Excellence for Sustainable Communities across England. South East Excellence is a virtual Centre that aims to raise the skills, understanding and knowledge of those working in the built environment field in the South East. For further information go to: www.southeastexcellence.co.uk

- **About CB Richard Ellis**
  CB Richard Ellis Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2007 revenue). With over 29,000 employees, the Company serves real estate owners, investors and occupiers through more than 300 offices worldwide (excluding affiliate offices). CB Richard Ellis offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. CB Richard Ellis is the only commercial real estate services company named one of the 50 "best in class" companies by Business Week, and was also named one of the 100 fastest growing companies by Fortune. www.cbre.com

- CBRE was awarded the contract for the study following an open tender process.