



Procurement
& contracts

Home truths from a thriving sector

With a third of last year's architectural fees coming from the housing sector, frontline research into opportunities in the housing development market make vital reading

Words: Matt Thompson



The UK housing market is a patchwork, with contrasting sectoral and regional differences fundamentally affecting the way new housing is procured and designed. Social, affordable, private, luxury, owned or rented, single, multiple or mixed-use – all require different approaches from developers. In turn, the developers expect their architects to understand the subtleties of the sector, and to challenge the brief intelligently.

One thread that holds the housing sector together is policy intervention from government. Certainly, the RIBA housing

roundtable and subsequent filmed interviews found it impossible to discuss architects' roles without reference to this context. Changes to planning, private rented sector incentives, targets for zero-carbon, standards for decency – they all affect the design. For Jane Briginshaw, head of design and sustainability at the Homes and Communities Agency, engaging with this wider policy background is critical. 'Architects need to understand why central and local government do the things they do,' she says.

This complex policy context is a balancing

act by the government, which needs to house its citizens and knows that untrammelled market forces alone will not meet this public good. The devastating wounds of the sub-prime housing crisis that triggered the 2008 world recession are still very much to the fore.

The sector is, however, recovering strongly from the recession. According to government statistics, annual housing starts to March this year were up 31% on the previous year, with completions up 4%. Nevertheless, the rise is uneven across sub-sectors. While new private dwelling starts were 15% higher than the previous quarter, housing association starts were down 22%.

In particular, the private rented sector, spurred on by the government's Build to Rent programme and debt guarantee scheme, is on the rise. Private rent is thought to be relatively safe because it does not involve personal mortgages or much public expenditure. Indeed, this sector is flourishing not just because consumers are being forced into it by increasing property values, but because they actively opt in, for any number of lifestyle reasons.

There are a growing number of private-sector clients that retain a long-term financial interest in buildings and have evolved their briefs accordingly. The value of design is no longer just about achieving quality at low cost for maximum profit. Instead, long-term value is the order of the day. This is a challenge for architects as they seek to design out maintenance inefficiencies, build in whole-life savings, and attract tenants more quickly and for longer, all with a view to increasing yields. Clients are looking for architects who can deliver on this front.

Richard Meier, a partner at Argent, explains: 'It's the net operating income that counts, driven by the gross revenue coming in – so, how attractive the product is – minus how much it costs to run.'

Gregor Mitchell, land director for be:here (a subsidiary of Willmott Dixon) agrees, adding: 'It's equally important to keep your void rates, management and life-cycle costs down. If I were an architect, I would look beyond the concept design to what will happen once the building is being operated.'

Housing developers unanimously acknowledge the indispensable economic, environmental and community value of architecture and architects. Sean Cook, formerly head of design at First Base, describes



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this as a key part of the company’s DNA, from inception to construction.

Be:here’s Mitchell expands on what this means: ‘Excellent quality design – better than would otherwise happen – that maximises value and delivers the most profit for the client.’

This value is not just in drawings, but how those drawings mediate the needs of end users, community consultees and, most importantly, planning departments. Architects’ reputations and relationships with planners can make or break a development.

Argent’s Richard Meier believes that architects can add greatest value at the start of a project. The right architect with the right design reassures planners, making them ‘a bit more willing to push the envelope as far as actual massings are concerned’.

Almost as valuable, community consultation skilfully facilitated by architects is crucial. As Sean Cook puts it: ‘High quality architecture and considered design responses are critical in winning over the community. They embed their wants and needs, and de-risk the process.’

The real opportunity for architects, though, is to truly understand their clients’ aspirations. Housing developers across the sector cannot afford for architects to pursue their passion for design at the expense of viability. This is about working within a budget, proactively maximising the commercial opportunity, and problem solving – in short, minimising risk. When architects make mistakes, the consequences are severe. Talking about this risk in relation to how much architects are paid, Stephen Day, technical director for Barratt London, says: ‘Mistakes can add

tens of thousands of pounds onto the project and then it’s disproportionate to their fees.’

Good interpersonal skills lead to enduring partnerships. ‘Trust in the relationship is very important,’ says Meier. ‘As you start to get into those sorts of relationships, there’s more scope for sharing risk and reward.’ Housing developers ideally want architects who look out for their interests in what Cook describes as a ‘symbiotic relationship’ where the client’s value drivers are understood and the architect responds creatively with better solutions.

Regardless of whether architects are appointed to secure planning or deliver working drawings, housing developers are looking for them to lead the integrated consultant team, especially in a BIM environment. BIM has yet to spread to mainstream traditional house building, but many clients are beginning to recognise the benefits. Meier again: ‘How well co-ordinated the project is has a huge impact on costs, delays and issues further down the line. I’m keen to see architects who understand BIM and the co-ordinating role it plays because it de-risks projects.’

There is a perception that architects are undervalued or perhaps undervalue themselves by not being commercial enough. Developers are sceptical of architects’ ability to steward the design for financial viability when it is not always evident in how they conduct their own affairs. Mitchell argues that architects should serve their own interests more carefully – to do so shows that they understand profitability and risk. And if they do, he says, ‘you can almost dictate your own fee, and are more likely to be reappointed again and again’. ●

RIBA CLIENT ENGAGEMENT PROGRAMME

The RIBA’s Client Liaison Group is running a series of roundtable discussions to listen to and understand external perceptions of the architectural profession and the value architects bring to the project team, and ultimately to identify the tools needed to promote architectural services in these sectors successfully.

The feedback from interviews with housing clients is included here, and 60 second clips of the one-to-one interviews are available on architecture.com

TOP TIPS FROM HOUSING CLIENTS

- 1. Understand** housing clients’ project drivers and make sure design proposals meet those requirements as well as the broader design metrics.
- 2. Proactively** lead and co-ordinate the design team, and manage risk.
- 3. Optimise** the development opportunity by understanding the underlying policy context, exploiting relationships with planners, and engaging in effective community consultation.
- 4. Design** for long-term value in the rental and affordable housing sectors, with users and ease of maintenance in mind.
- 5. Demonstrate** commercial and financial literacy to give clients comfort that you understand business strategy and can transfer that into the project process and the design.
- 6. Balance** design and technical inputs from inception to ensure affordable, buildable and high-quality outcomes.