

Hertfordshire Offsite Manufacturer Prospectus



Hertfordshire
Innovation
Quarter



What's the opportunity?

Hertfordshire has a strategic commitment to seek investment from the offsite construction sector in order to establish a manufacturing base which can help meet the local housing need.

Our offer to industry is strong, with local partners committed to demonstrating a viable level of demand, unique partnership with Building Research Establishment (BRE), which is leading the national construction sector transformation agenda, a strong skills and education base, excellent edge of London location on the M1/M25, and with easy access of premium residential sales markets.

Hertfordshire has around 100,000 homes to deliver by 2036 and we're seeking greater certainty of delivery by partnering with the offsite construction sector. Speed of delivery, quality and reduced lifetime costs are all factors affecting this, as well as a desire for more sustainable growth through use of environmentally sound methods and materials.

Clearly many UK regions have high housing targets, but we believe we can offer something different here in Hertfordshire.

What Hertfordshire can offer

Excellent site location on the M1 Junction 8

The proposed site, just off the M1, is ideal for offsite construction activities in terms of location, size and accessibility. It's within our Enterprise Zone (EZ), which is launching in early 2019, and will bring a range of benefits to future occupiers. The site already has good access, yet there are significant road infrastructure improvements planned as a result of EZ funding, making accessibility excellent.

The EZ is focused on attracting environmental technology companies to locate across its seven sites, one of which is the BRE campus, where investment in a new Open Innovation Hub will create capacity for start-up business incubation and innovation in offsite construction methods. With BRE on the EZ board there is great potential for clustering with built environment firms and their supply chains.

Market access

Alongside demand from our consortium, more detail of which is below, the EZ site is at the heart of a planned 10,000 unit residential development around Hemel Hempstead, where sustainable construction methods are being actively encouraged. We anticipate this will also generate strong local demand.

In addition to the 100,000 homes to deliver by 2036, Hertfordshire also sits directly on the edge of London where the Mayor's office states that over 60,000 homes per year are needed, and just south of the Oxford/Cambridge corridor, where Government has referred to 1 million homes being built. This creates a substantial target environment.

We understand that the UK's southern residential markets, with high sale prices, are attractive for the offsite sector to compete with traditional construction firms.





Demonstrable demand from our Housing Provider consortium

With political and strategic support we have formed a regional consortium of Housing Associations and Local Authorities to consolidate their three year development programmes to help demonstrate demand.

Seven partners can collectively evidence a forward programme totalling 3,500 homes over the 3 years to 2022. However not all will necessarily suit offsite manufactured (OSM) products.

Collaboration with BRE

BRE leads the national agenda for offsite construction innovation and is a key partner. It is committed to supporting Hertfordshire in securing this investment. This brings the opportunity for collaboration, research and development with the sector's pioneers.

Strong skills and education base, specific to offsite construction

Recent investment has been secured to implement a specific offsite construction skills programme, which will be led by BRE in partnership with the University of Hertfordshire and local colleges. The area already has significant construction capacity with many major firms headquartered here, and strong skills in advanced manufacturing and digital technology.

Business Rates relief

Offsite manufacturers and their supply chain will qualify for business rates relief up to £275k (up to £55k per annum for 5 years), if they locate within the Enterprise Zone by 31 March 2022.

What our Housing Provider consortium needs

OSM is increasingly being seen as an approach that can mitigate some of the delays and risks during construction faced by our Housing Providers, reflective of national housing delivery challenges.

The benefits to be gained from OSM are:

- Guarantee of supply at the time to suitsite progress
- Reduced reliance on site-based trades, which can be volatile and of mixed quality
- Speed of erection to a water-tight shell, allowing internal trades to be unaffected by weather or external masonry materials delays
- Factory-based quality control standards
- Reduced site wastage

Our consortium recognises that OSM comes in many forms – volumetric, timber panels, lightweight steel and hybrids of these, eg the use of kitchen and bathroom pods – and the benefits are generated to a lesser or greater degree, dependent upon the system. However, OSM is still seen as a way in which a greater measure of confidence in supply can be achieved and outputs increased.

The consortium was formed to seek certainty of supply by encouraging a manufacturing facility to be created in Hertfordshire. The group does not want to own and operate a factory as it is outside of core business.

In order to achieve traction in the market and attract a manufacturer to the area, the consortium is prepared to guarantee a programme of new homes over the three years 2019-22, sufficient to assure the viability of a new facility. The precise numbers would depend on the requirement of the chosen manufacturer.

The role of the consortium is to speak with one voice on behalf of local housing providers. It is not a procurement consortium and interested parties would contract with individual housing providers.

We have collated the collective development programmes for the group over three years commencing April 2019, the total of which approaches 3,500 homes, split equally between houses and low-rise apartments.

Interested parties should bear in mind that this number includes embryonic schemes and aspirations to meet business plan targets. Nevertheless, if just 35% of these were placed with a new manufacturer in the Hertfordshire Enterprise Zone, it would create a pipeline of 400 dwellings per annum.

More importantly, this would enable an offsite manufacturer to gain a foothold in the market. Potential in the region for further development could bring future expansion of its client base and increasing revenues.

By providing this pipeline certainty to an offsite manufacturer, the housing providers would expect to secure the certainty they need in speed and quality of delivery of new homes.



Consortium members include



HertsLiving



settle.



We want to hear from you

How to get involved

We invite the sector to come forward and explore the potential to create an offsite manufacturing facility in the Hertfordshire Enterprise Zone, and to work with us to address the housing delivery challenges we face.

We recognise that a range of factors will affect the business case, but trust that the pipeline, along with the wider Hertfordshire offer, supports the case for investment. We are not bound to one particular approach and welcome interest from across the industry to help achieve the quality and certainty required for local housing delivery.

Next steps

Please contact us to arrange an exploratory meeting. We hope to meet with interested parties to explore potential for partnerships, discuss a range of background considerations and answer questions about the local opportunity.

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