

Thriving communities,  
affordable homes



# INVESTING NATIONALLY

## DELIVERING LOCALLY



**Harnessing Investment in the  
East Midlands communities**

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**9 March 2012**

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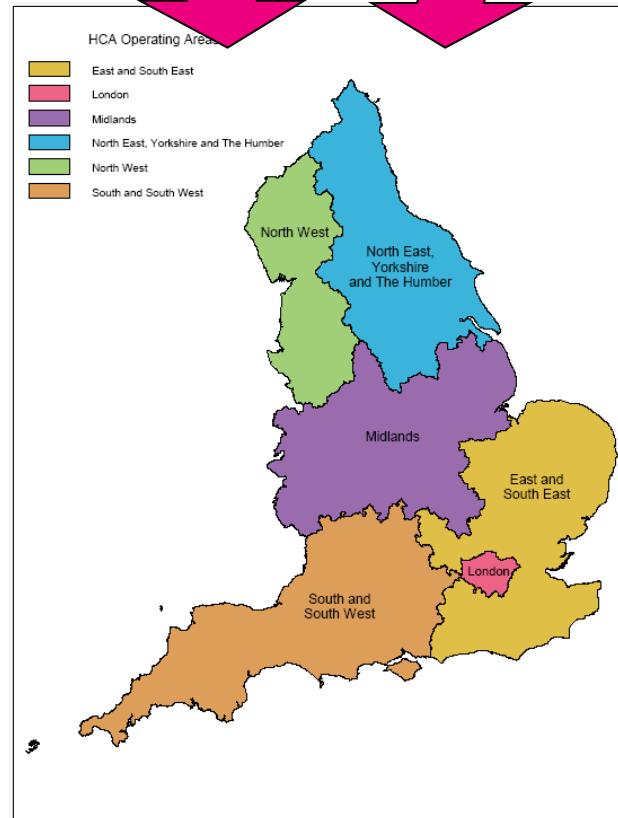


# Current economic environment

- Economic recovery
- Limited public funding
- Localism
- Current fiscal environment means former funding models are no longer sustainable
- A balance of different funding mechanisms need to stretch resources & share risk



# HCA – organisational change



LONDON



# HCA a changed role?

- Contribute to economic growth by helping communities to realise aspirations for prosperity
- Deliver quality houses that people can afford
- Ensure the affordable housing sector is financially viable, well managed and delivers value for money



# HCA – types of assistance

- **Investment - 4 key areas**
  - Affordable Homes Programme
  - Renewal of existing social housing stock
  - Land and Regeneration
  - Economic Assets Programme
- **Developing Public Land**
  - Land disposal programme
  - Accelerated land disposal
  - Endowments
- **Enabling & technical support**



# Our regulation role

- April 2012 - HCA to become the regulator of social housing
- Regulation to protect taxpayers and tenants, and help attract private finance
- HCA must exercise the regulatory function through a Regulation Committee
- Ensures independence from investment functions



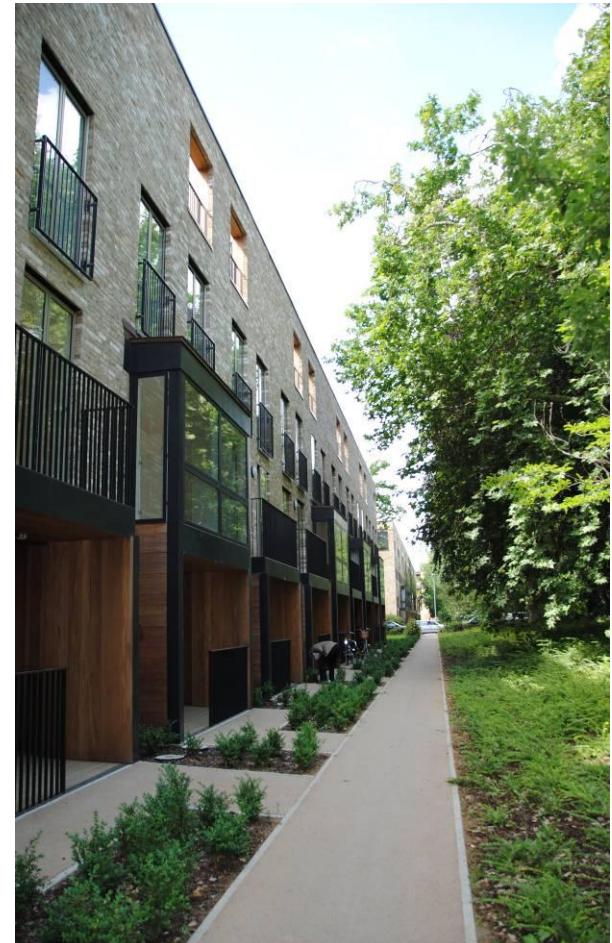
***“We will be robust and transparent in our regulation, protecting tenants and tax payers and commanding lender confidence”***

# CSR Funding (national)

	£b
<b>Affordable Homes Programme</b>	
NAHP 2008-11 commitments	2.28
Affordable Rent and Affordable Home Ownership	1.8
Mortgage Rescue	0.22
Empty Homes	0.1
Homelessness Change Programme	0.03
Traveller Pitch Funding	0.06
<b>Total AHP</b>	<b>4.49</b>
<b>Existing Stock</b> (128,000 homes)	<b>1.60</b>
<b>Regeneration</b>	<b>.43</b>
<b>Other</b> (econ assets /HMR)	<b>.15</b>

# Land and Regeneration

- HCA land development and disposal strategy will deliver 3,000 new homes by 2015
- Includes “Build Now, Pay Later” approach of deferred payment
- Making best use of HCA and other public land
- Economic Assets Programme working with LAs to secure local economic development



***“We play a key role in Governments ambition to make the best use of public land to benefit communities”***

# Enabling Local Partners

## Prioritisation

- Supporting partners to prioritise, including phasing of developments over time

## Project solutions

- Supporting delivery of projects:
  - Structuring commercial propositions
  - Developing innovation solutions

## Hands on

- Access a range of tools, information and advice
  - Viability assessment, Delivery Partner Panel
  - Equity investment

Our offer to local partners is focused on:

- Strategic and commercial advice on land disposal
- Supporting delivery of market and affordable housing
- Fostering local partnerships and enabling local authorities to take full advantage of new incentives

# Delivering the Housing Strategy

- *Get Britain Building*
  - £420m fund, HCA prospectus launched 22 December 2011
- *Land auctions*
  - Three pilots, two on HCA land (Hastings/West Lancs) one on MoD
- *Private rented sector*
  - Review barriers to investment, pilots (Hemel Hempstead, HCA land as equity)
- *Empty homes funding*
- *Stock transfer*
- *Locally planned large-scale development*
  - HCA enabling support including ATLAS
- *Custom-build* (including self build)
  - HCA sites included
- *Reinvigorated Right to Buy*

# National Challenges?

Current fiscal environment means former funding models  
are no longer sustainable

A balance of different funding mechanisms need to stretch  
resources & share risk.

- Blend programmes to compliment each other – a mix of grant funding, investment, use of assets

**Gap → Grant → Loan → Equity → Land → Guarantees**

- Partnership work with other parts of public sector to maximise ‘support in kind’

# Did East Mids loose out?



# East Midlands AHP



	Rent	H. Ownership	£m
Leicestershire	726	234	18.333
Lincs	526	158	12.714
N'hants	874	257	15.118
Notts & Derbys'	946	326	19.018
<b>Total E Mids</b>	<b>3,072</b>	<b>975</b>	<b>65.184</b>
Total Mids	12,160	3166	286.497
Total HCA	62,954	17,046	1,755.284

# Midlands – January 2012 indicators



	<b>East Mids</b>	<b>West Mids</b>	<b>England</b>
House prices	£123k (-2.5%)	£131k (-1.8%)	£1561k (-1.9%)
Mortgages	21,100 (-5.4%)		122,900 (-6.1%)
House starts (annual)	19,000 (+6.6%)		96,070 (-7.4%)
JSA claimant	4.2% (+.3 %age points)		3.8% (+.4 %age)
GVA	£18,090 (+3.3%)	£17,060 (+2.8%)	£20,974 (+2.3%)

# An East Midlands identity? Midlands is not a natural geography



- Industrial Urban – Wolverhampton, Luton
- Low demand Housing Market Areas – Stoke, North Notts
- Economic Regeneration of multi cultural cities – Derby, Coventry, Leicester
- Core Cities – Birmingham & Nottingham
- Economic growth points – Northants, MK, Bedford
- Heart of transport network – M42, M6, M1, HS2
- Significant rural – areas and economies (agricultural, coastal and tourist). Lincs, Peaks, Shrops, Hereford

# Midlands Challenges

- Defendable priorities – in the context of other areas
- Working with LEP & LA partners on delivery priorities
- Need for infrastructure investment
- Partner capacity
- Competitiveness - low property values and little / no differential b/w market and affordable rents in East Mids.

# Opportunities

- Pro-growth authorities and partnerships
- Land in public ownership (LLI)
- Midlands has largest land ownership of all OAs 667 sites, 2,972ha, £267m
- Pipeline

# HCA Midlands approach

- **Alignment of Economic & HCA assets / programmes**
- Distinction between commitment, priorities and pipeline
- **Commitment** – legacy programmes coalfield, HMR, Kick-start & NAHP
- **Spatial priorities** driven by need, economic impact, land, and opportunity. Deliver significant outcomes with minimal investment.
- **Rural thematic priority** – enabling support and focus to achieve successful programmes through partnership
- **Enabling** support targeted at unlocking land, links to HCA & Economic Assets and building pipeline

# Partner approaches?

- Competitiveness
- Capacity – access to different forms of finance.
- Local partnerships – LEPS , land & economic recovery
- Reliability – delivery
- Role recognition



# Conclusions

- Housing is REALLY key to delivering Government's objectives on localism, growth and regulation
- Limited funds but opportunities to make this a permanent feature in economic recovery
- Midlands has an offer in terms of economic recovery – we need to articulate it & adopt new language
- Looking forward:
  - Innovations in funding
  - CSR offer

