

HFI

The Housing & Finance Institute



**PRESENTATION
BY CLAIRE COUTINHO**

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Councils and Housing Delivery



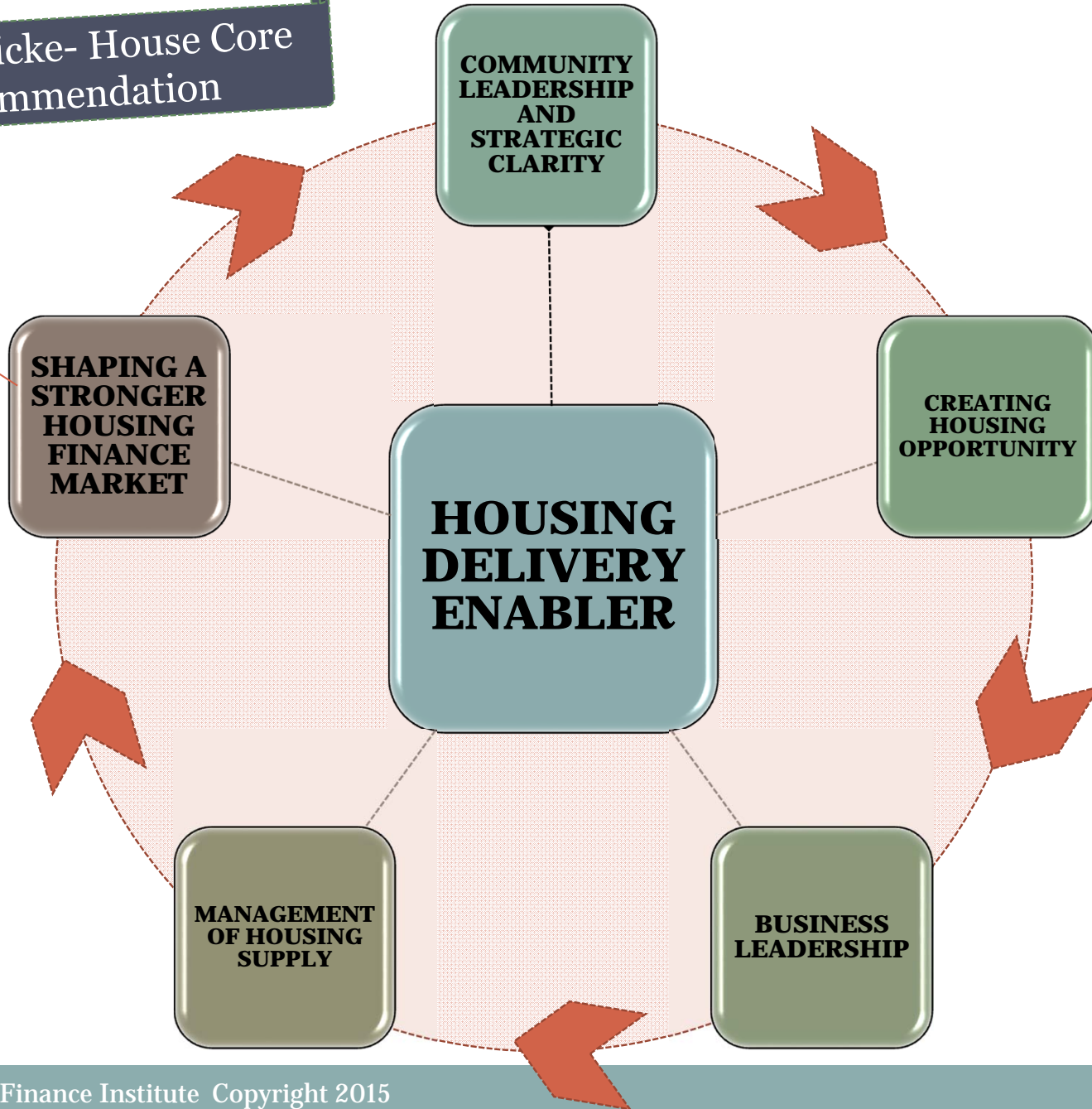
- Councils are best placed to understand local housing needs
- Drive Growth and Business Resilience
- Support better Wellbeing Outcomes
- Build Stronger Communities
- What councils do and *can do*
- Powers and assets to be

Housing Delivery Enablers

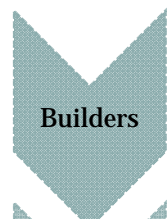
- *LA has central role for housing delivery & success*

The Elphicke- House Core Recommendation

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Changing roles and relationships



Builders

- Building all tenures
- Own housing associations
- Invest in retail and investment portfolios



Housing Associations

- Building all tenures
- Own building companies
- Invest in market rent as an investment portfolio



Investors

- Owning land and masterplanning
- Buying housebuilders
- Building all tenures
- Investment portfolios
- Investing in housing associations and developers



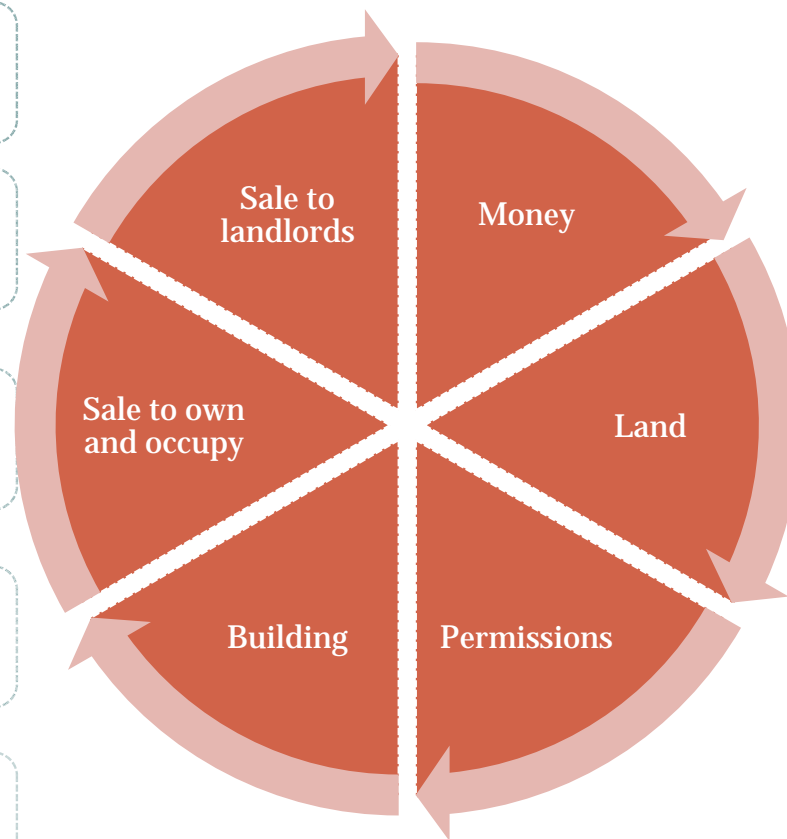
Government

- Financial support – loans and guarantees
- Owning land and masterplanning
- Planning zones
- Building direct



Councils

- Building all tenures
- Creating investment portfolios
- Land and masterplanning
- Acting as housing enablers



Housing: Right Now



- 😊 Housing building starts up
- 😊 Private developer housing starts up
- 😊 Mortgages up
- 😊 Planning approvals up



Housing Delivery Enabling - Examples



- **Land:**
 - Selling land under deferred consideration (buy now, pay later) arrangements
 - Selling fixed term long lease interest now and retaining the value of the freehold interest
 - Converting land consideration into an investment in a development partnership
- **Planning:**
 - Using master-planning and permissioning their own/acquired land
 - Flexibility in the planning process
 - Working with neighbourhood planning/ community led discussions
- **Building:** full tenure and creating cross subsidy

More Housing Delivery Enabling Examples

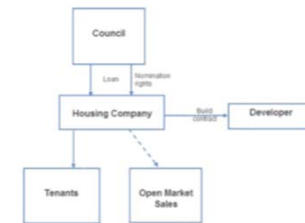


- **Minimising sales risk/ supporting strength of finance**
 - Guarantee purchase agreement, whereby a council agrees to buy completed homes from a developer if a buyer cannot be found on the open market
 - Nominations agreements for tenants
 - Financial assistance to purchasers of new developments
- **Finance**
 - For others: By providing development finance at commercially attractive rates of return
 - For themselves: Creating a council housebuilding 'fund' with 'in lieu' contributions
- **Skills, local knowledge, technical knowledge, networks**

Housing Delivery Organisations - examples

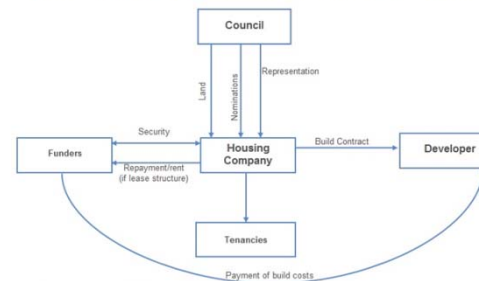
- a wholly owned 'on balance sheet' housing company structure where the council sets up its own housing organisation and funds it through prudential borrowing
- an institutional investment partnership structure where the investor pays for the development of the housing ('forward funding') so the council does not have to raise separate finance. In this example, the council has provided the land for development
- an operating lease model, whereby the council retains the ownership of homes developed for it, but creates a lease to allow a registered provider (housing association) to manage the homes for them

Housing company structure example



sheet. All receipts or borrowing governed by Prudential Code for Capital Finance

Institutional investment structure example



Features

- Off balance sheet lending
- Can be structured as a lease structure where freehold held by funder and property is then leased to Housing Company

Operating lease for affordable housing example



Features

- Long term economic interest retained by Council
- Existing RP engaged as expert housing manager; takes management role under lease terms

Are you Housing Business Ready ?



- Housing Ambition
- Housing Strategy
- Housing Options for Delivery
- Housing as an asset/ investment and not a liability
- Accelerating 'getting to go'
- Optimising likelihood of securing desired outcomes without delays in the process

- Homes - Money- Land - Skills –
appetite to do more

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