

HOUSING THE SOUTH EAST OPPORTUNITIES AND CHALLENGES

Housing Opportunities & Challenges in the South East Developer's Perspective

Presentation by:-

Dennis Seal, Director - Residential Regeneration

Mervyn Greer, Director - Public Sector Services, Kier Group



Presentation to SEEC

A Private Sector Partner's View

- The key issues and challenges facing housing growth
- The choices we have to make
- How we have responded to the challenges and the choices we have to make

Presentation to SEEC

A Partnership Approach to Delivery

We examine 3 solutions that we have developed:

- 1) The PSP role in developing innovative ideas into reality
- 2) A potential funding solution
- 3) A partnership approach to working with local communities and stakeholders

Presentation to SEEC

Sustainable communities		Localism			
	Construction		Funding		Demand
Successful development		Mortgages		Land Availability	
	Affordability		Planning		Partnerships for Homes
				Local Development Plans	

Obstacles to Progress



Presentation to SEEC

- Develop new longer-term Partnerships looking at whole communities not one-off projects.
- Provide early strategic, financial and business planning support.
- Initiate, develop and deliver proposals for New Residential Regeneration initiatives.

Presentation to SEEC

- Use public land more intelligently.
- Work with the Public Sector and other stakeholders to help to exhaust all income streams to improve viability and delivery of new and existing homes.
- Identify, develop and deliver viable investment opportunities and solutions, based on tried and tested models and new innovative funding initiatives in these difficult and uncertain times.

Presentation to SEEC





" Key to all the schemes highlighted before is Kier's upfront investment, ability to cash flow development and experience and track record in getting things done and on to site, not just talking - doing."

Presentation to SEEC

INNOVATION

Programme – Optimising Delivery

Based on a scheme of 600 new Homes

Name	Duration	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
Traditional Development	14 years																
New Model	3 years																
 Traditional  New Model																	

Presentation to SEEC

INNOVATION

Tenure – Flexibility and creating equality and access

Based on a scheme of 600 new Homes

Traditional Route

(Build programme – 14 years)

Affordable

35%

Market sale

65%

200

400

Presentation to SEEC

INNOVATION

Tenure – Flexibility and creating equality and access

Based on a scheme of 600 new Homes

New Model Route <i>(Build programme – 3 years)</i>	Mixed tenure delivery model	100%			
		600			
Option (1) <i>Subject to viability</i>		<u>Year 1</u>	<u>Year 5</u>	<u>Year 10</u>	<u>Year 15</u>
	Market rent shared ownership	200	150	100	
	Intermediate rent shared ownership	200	150	100	
	Affordable rent	200	200	200	200
	Market sale		100	200	400

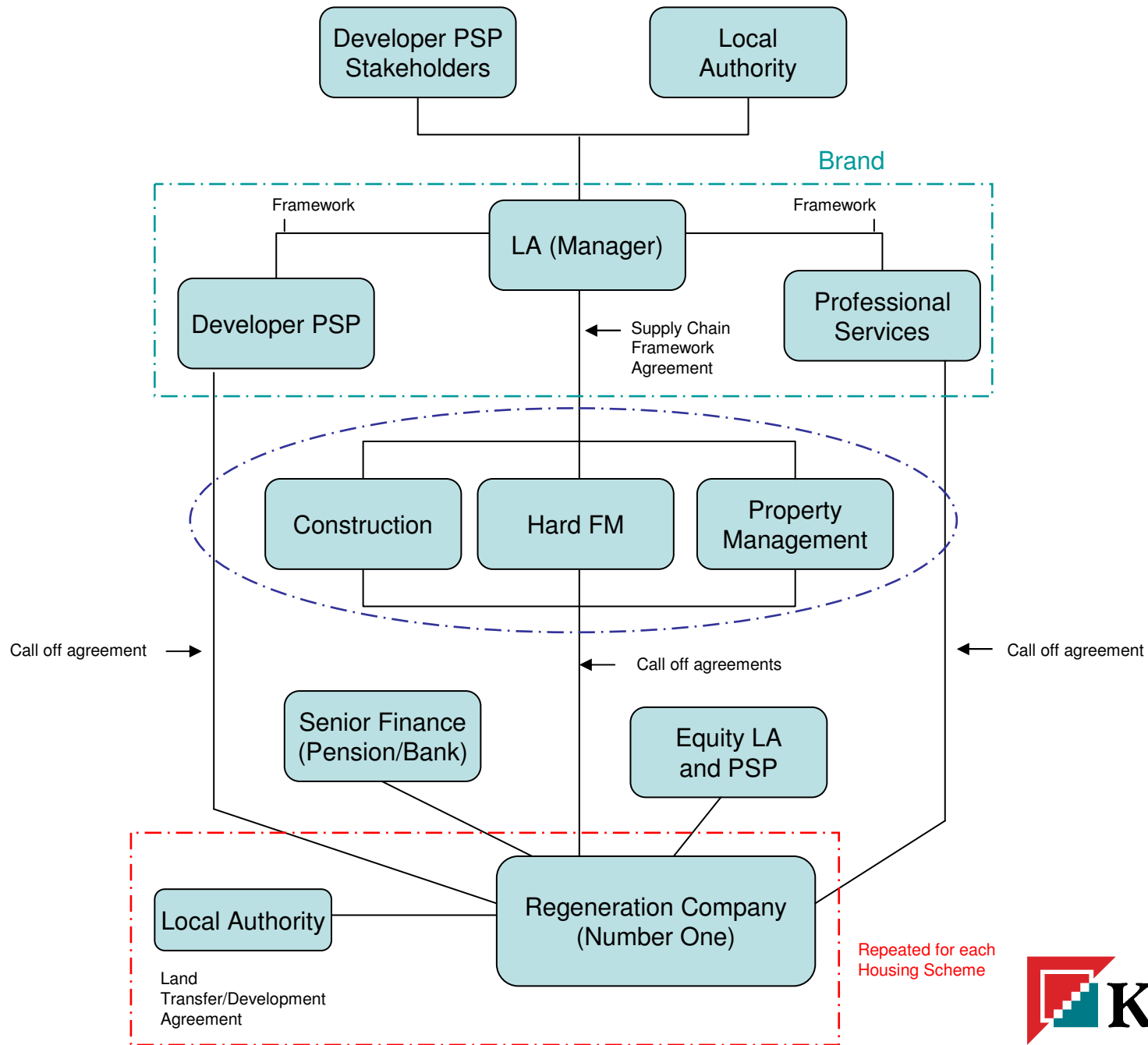
Flexible model offers overage from 15 year financial model including deferred land payment but offers opportunity to staircase level of tenure subject to financial viability.



Presentation to SEEC

INNOVATION

Structure – The role of the Public Sector Partner (PSP)



Presentation to SEEC

INNOVATION

Financial Model

- 15 years (up to 40 for affordable)
- 5.25% - 5.75% i.e. (as low as 4% on affordable)
- 8% IRR
- 5 year rent guaranteed from Local Authority or Registered Partner.

Presentation to SEEC

Focus on local priorities working with Local Authorities (LA) and Local Community Interest Groups (LCIG) working to align:-

- Improvements to existing homes
- New homes of mixed tenure to meet local need
- Improve business and commerce
- Employment training and apprenticeships
- Attract investment
- Land usage

Presentation to SEEC

- The PSP's role is to make things happen and lift the burden of bureaucracy.
- To work with communities to do things their way and achieve the results they want.
- Provide front end resource and expertise in addition to financial support (cash flow) and investment (equity and debt) to maintain viability and deliverability.

Presentation to SEEC

- Drive economies of scale, engage and attract commercial interest and deliver value for money over a time relevant period.
- Provide Design Build Finance and Operate (DBFO) Services or simple management services (for an agreed fee) facilitating housing regeneration for Local Authority or Local Community interest Groups.
- The Kier model is intended to provide a means of tackling housing delivery issues affecting the sector in these difficult economic times.

SEEC Presentation

Summary

- Localism and what it means to us
- Our part in the Big Society
- A Partnership Approach
 - Development solutions
 - Openness and Trust
 - Making the choices and delivering the opportunities