

enterprise**m3**

Driving prosperity in the M3 corridor

Evolving Government Housing Policy and Emerging EM3 Housing KPI's



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March 2016

Main Government Targets

By the end of the parliament
(2020):

- To deliver 1m new homes
- To realise 200,000 “starter home” sales
- To see an overt increase in home ownership in the under 35’s
- Meaningful Local plan progress by March 2017



Policy Making Backdrop

- Delivery already at 171k p.a. inc PDR (office to residential conversions)
- 250,000 pp's being granted p.a.
- Only 26% Local Plans NPPF compliant
- Drive to home ownership for < 35's
- Registered Provider model "heavily disliked" by treasury
- Buy To Let overheating in London
- Planning an ongoing barrier to entry and for SME's
 - Cost, uncertainty, time
- House builders the only volume delivery model
- Desire to stimulate new delivery models



Supporting Demand

Ownership

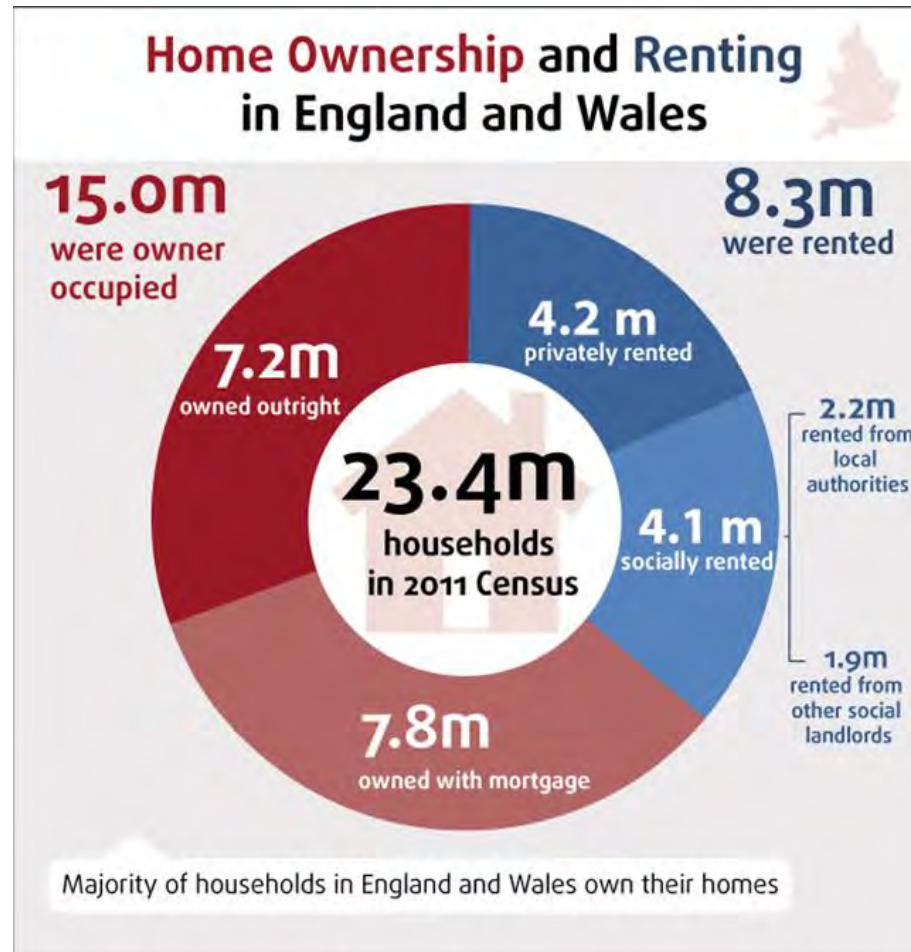
- 19.2m privately owned households inc' private landlords

Have's:

- Circa 10m with no mortgage

Have not's:

- FTB and under 40's with high mortgages



Rent

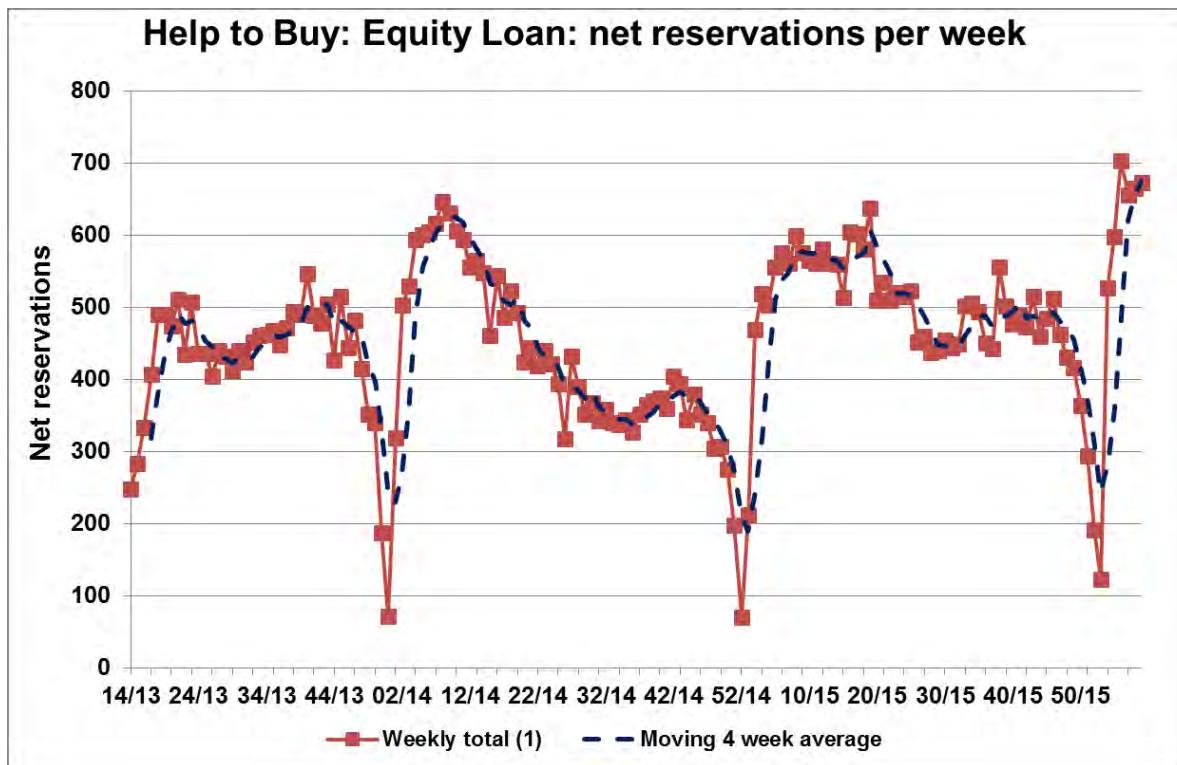
- Social rent subsidy a huge financial burden to UK

Growing market

- Private rental has increased by 1m in the last decade.
- Forecast to increase by 1m more in the next 5 yrs.

Demand side policies – Home Ownership

Help to Buy supporting 40% of all new build O.M. sales over last quarter.

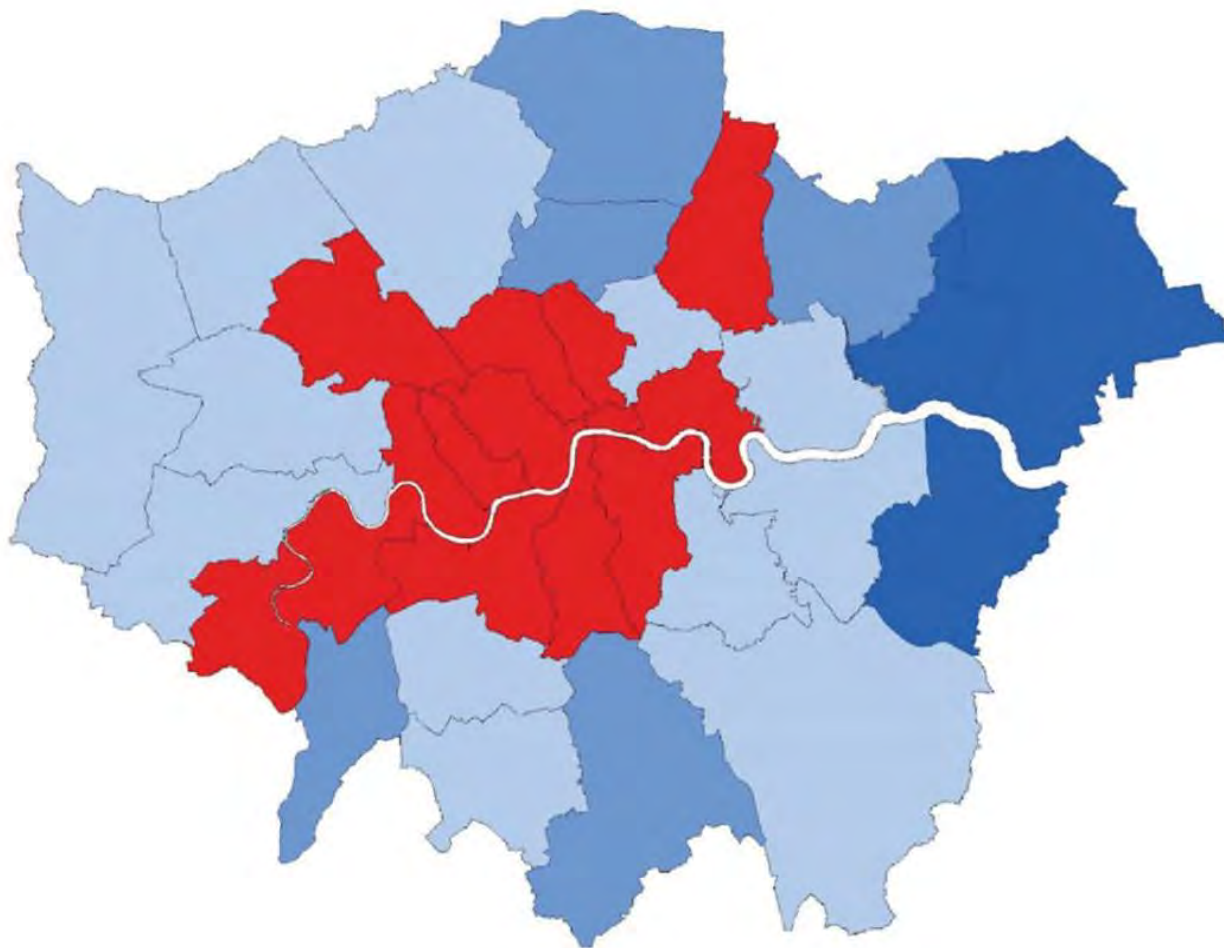


HTB Influences where and what to develop

KEY

Where can a household with an annual income of £50,000 afford a lower quartile new home (pricing from 12 months to November 2015)?

- Affordable with 5% deposit and 4x LTI
- Affordable with 5% deposit and 4x LTI + 20% equity loan
- Affordable with 5% deposit and 4x LTI + 40% equity loan
- Not affordable with either HTB scheme



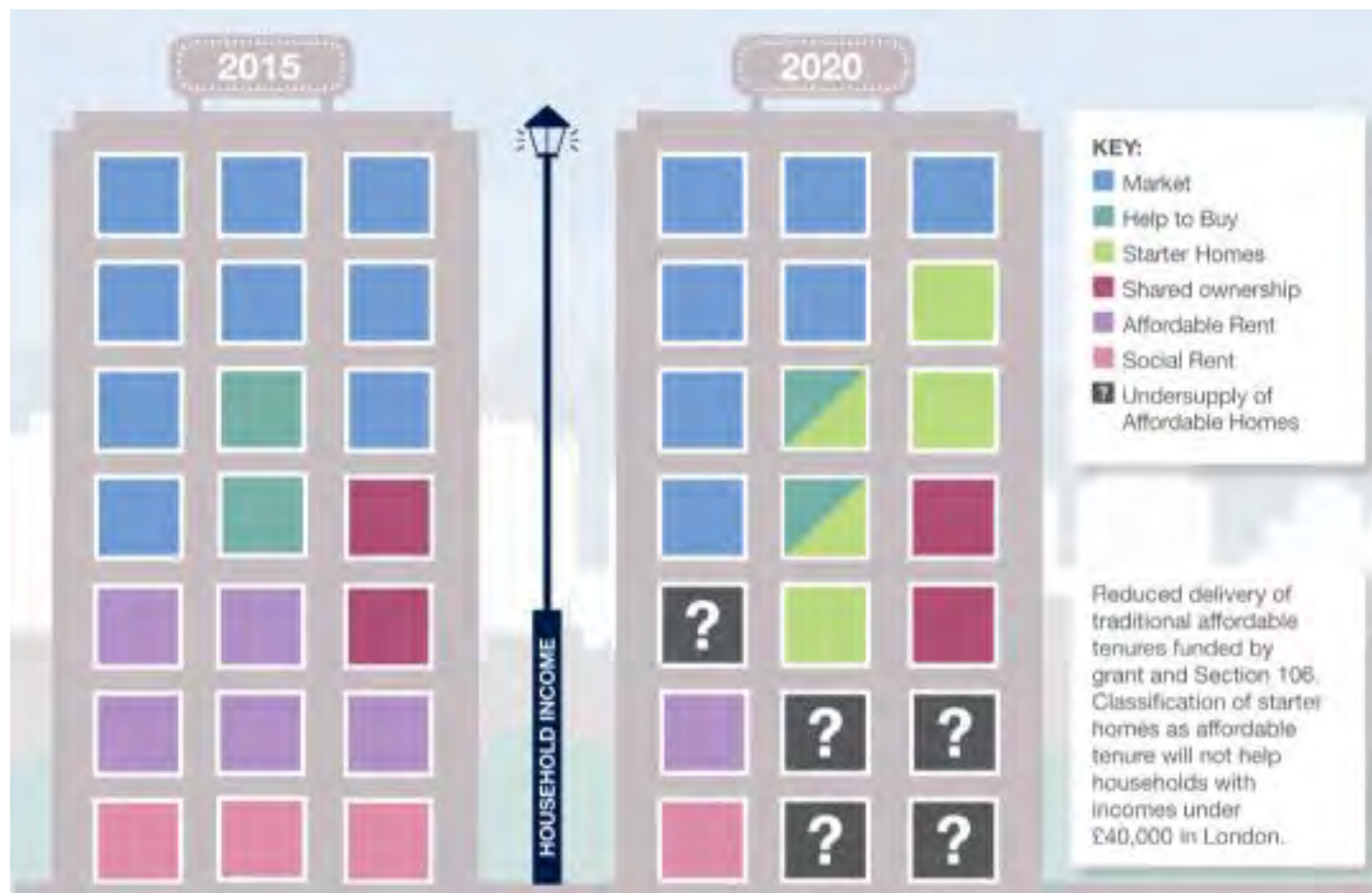
Starter Homes – 80,000 registrations already

- £2.1bn fund for subsidised form of affordable housing
- FTB's < 40yrs old
- 80% OMV. Price caps:
 - £312.5k Generally
 - £562.5k In London
- 20% gifted in 5 yrs
- To be delivered on all “reasonably sized sites” – above 10dw
- Essentially OM units with S&M and finance costs.



- Becomes first 20% of the affordable housing
- Subsidised where required through reduction in CIL/S106?
- Potentially Impacts layout (proportion of houses/apartments and tenure mix)
- Could distort local markets significantly.
- Unintended consequences likely.

Starter Homes – Net Additionality?



Buy to let

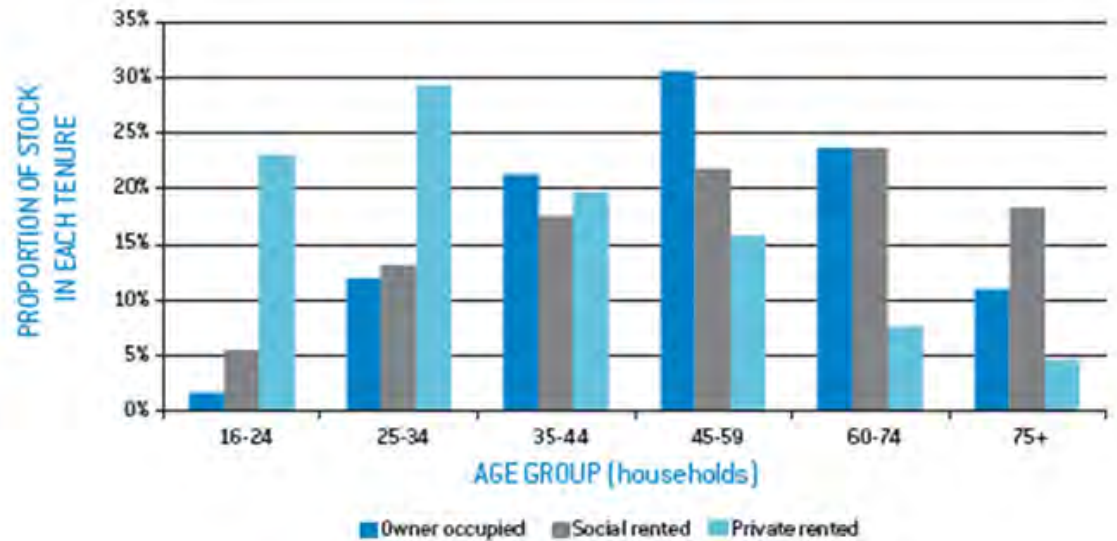
- Overheating of London market?
- Desire to dampen down inflationary effects.
- Likely to have disproportionate impact in regional town/city centre markets.
- Combination of SDLT increases and reducing tax breaks on interest costs
- Likely to further impact high end sales in London.



Purchase Price £	Sole Property		Additional Property		Difference £
	Effective Rate	SDLT £	Effective Rate	SDLT £	
125,000	0.0%	-	3.0%	3,750	3,750
250,000	1.0%	2,500	4.0%	10,000	7,500
500,000	3.0%	15,000	6.0%	30,000	15,000
1,000,000	4.4%	43,750	7.4%	73,750	30,000
2,000,000	7.7%	153,750	10.7%	213,750	60,000
5,000,000	10.3%	513,750	13.3%	663,750	150,000

PRS

- Serves “Generation Rent”
- Facing 1m expansion of households seeking to rent in next 5 yrs.
- Threatened by HTB and Starter Homes
- Institutions lightly skilled and poorly resourced but have committed funds
- Competitive market if consented scheme in the right location
- Usually requires affordable housing relief to be competitive



Future Affordable Housing – Changing Landscape

- Emphasis to ownership model
- Shared ownership by Direct delivery?
- Model doesn't necessarily meet housing needs locally (Can therefore pit National and Local Government against each other)
- Changing role for RP's
- More WIP for Developers to finance from their facilities

Meanwhile:

- Social rent caps
- Right to buy/Pay to stay
- Estate renewal initiatives



Supply-Side: Continuing to work through the 37 LEP's

- LEP Growth deals
- Enterprise Zones
- Revolving infrastructure funds
- Growing enterprise funding
- Devolution deals



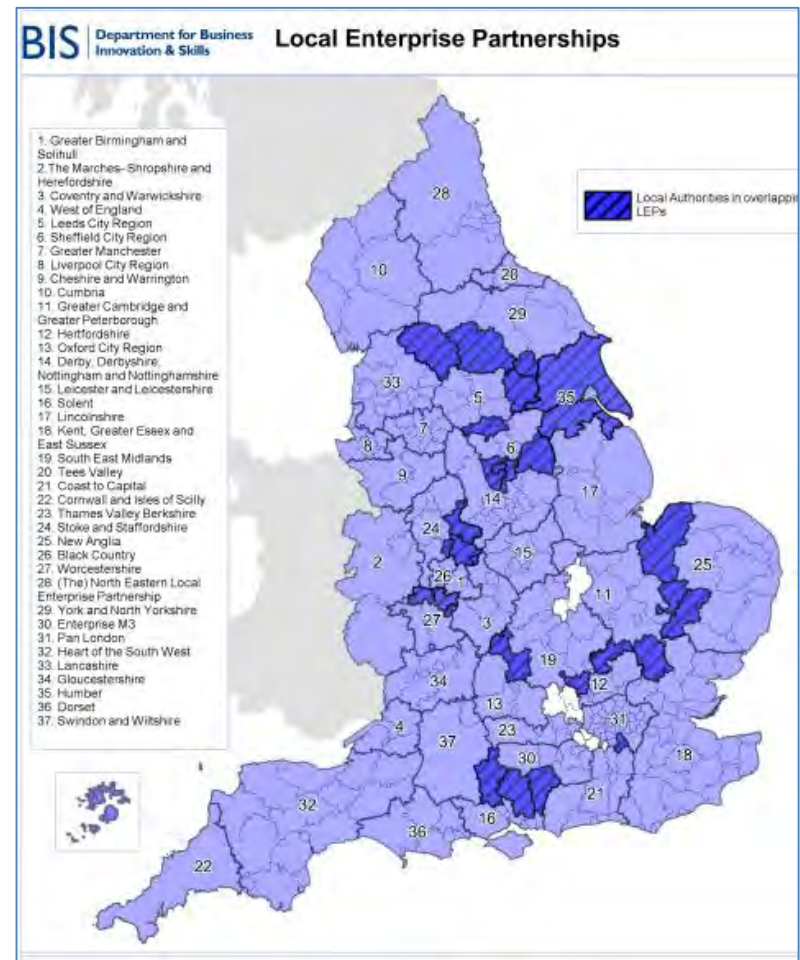
Enterprise Zones to benefit further from expanded Growth Deals funding



To find out more about the use of Growth Deals funding on Enterprise Zones, see our website:

www.enterprisezones.communities.gov.uk

@EntZonesGov #enterprisezones



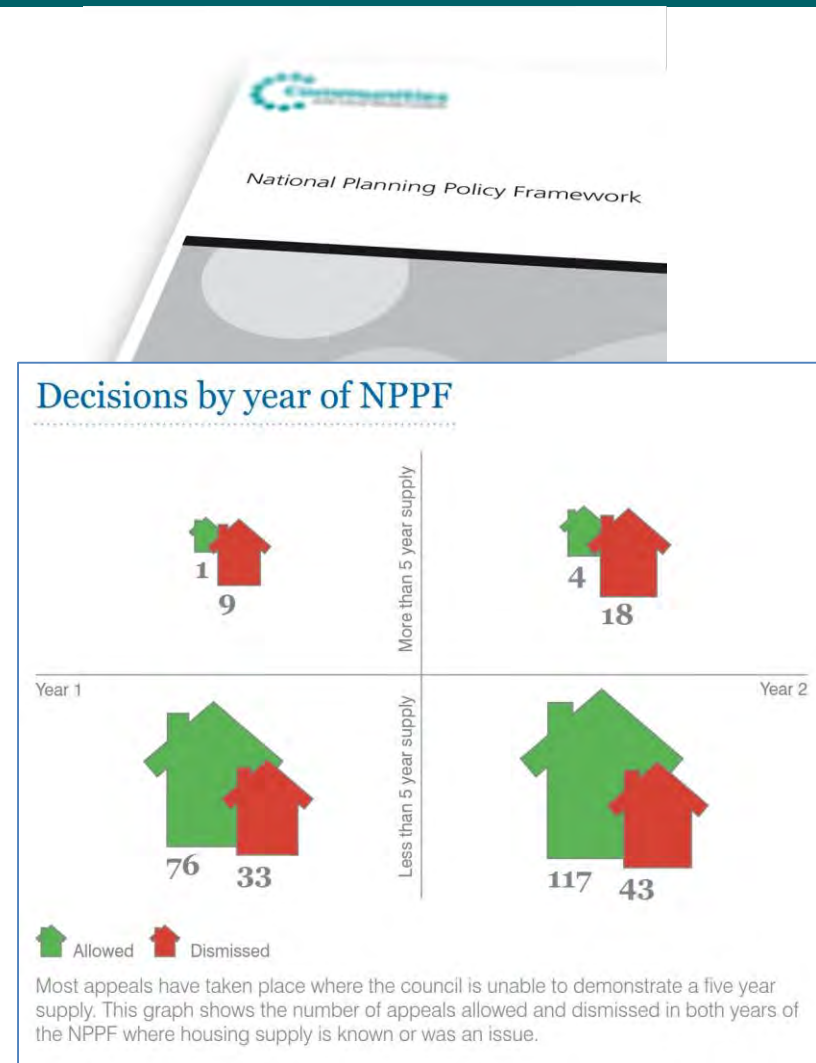
Increasing Pressure on LPA's

- Local plans by March 17 otherwise intervention
 - However 2017 = Mid term
 - How and where to intervene?
- Derestricted planning services?
- New delivery plans and delivery tests
- Increased planning fees - linked to performance?
- Reduced new homes bonus – to 4yrs from 6yrs.
- Brownfield registers
- Planning Permissions in principle



However blockers remain

- LPA resources major challenge in SE especially
- Local plans running behind neighbourhood plans
- Green belt increasingly sacrosanct
- Seeking to simplify process but still complex:
 - European Directives
 - Statutory Consultees
 - County Councils
- CIL/Reg 123 and residual S106 becoming increasingly complex and litigious



Emerging Garden Village Initiative – LPA led

What makes a
Garden City
for today?



Find out more at
www.tcpa.org.uk

Town & Country Planning
TCPA Tomorrow Series Paper 13

land value capture and
infrastructure delivery
through SLICs

John Waller



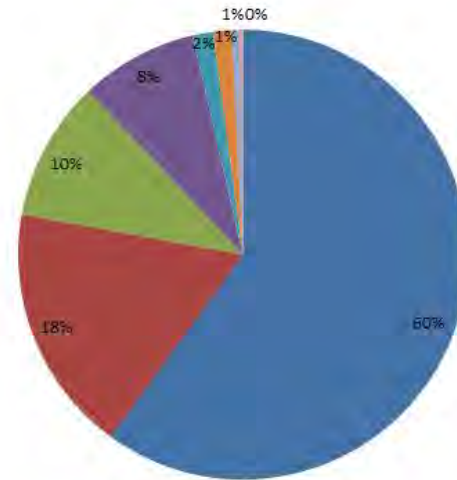
Government Also Bearing Down on the Industry

- Delivery at all costs
- Focus on major site delivery rates
- Land banking?
- Modern methods of construction
- Skills and Training – Apprenticeship levies



Public Sector Land

- Increasingly channelled to market through HCA
- DIO (MOD) the largest public sector land owner
- Transport and Health also retain strategic and valuable assets.
- LPA's looking to create revenue streams for the future



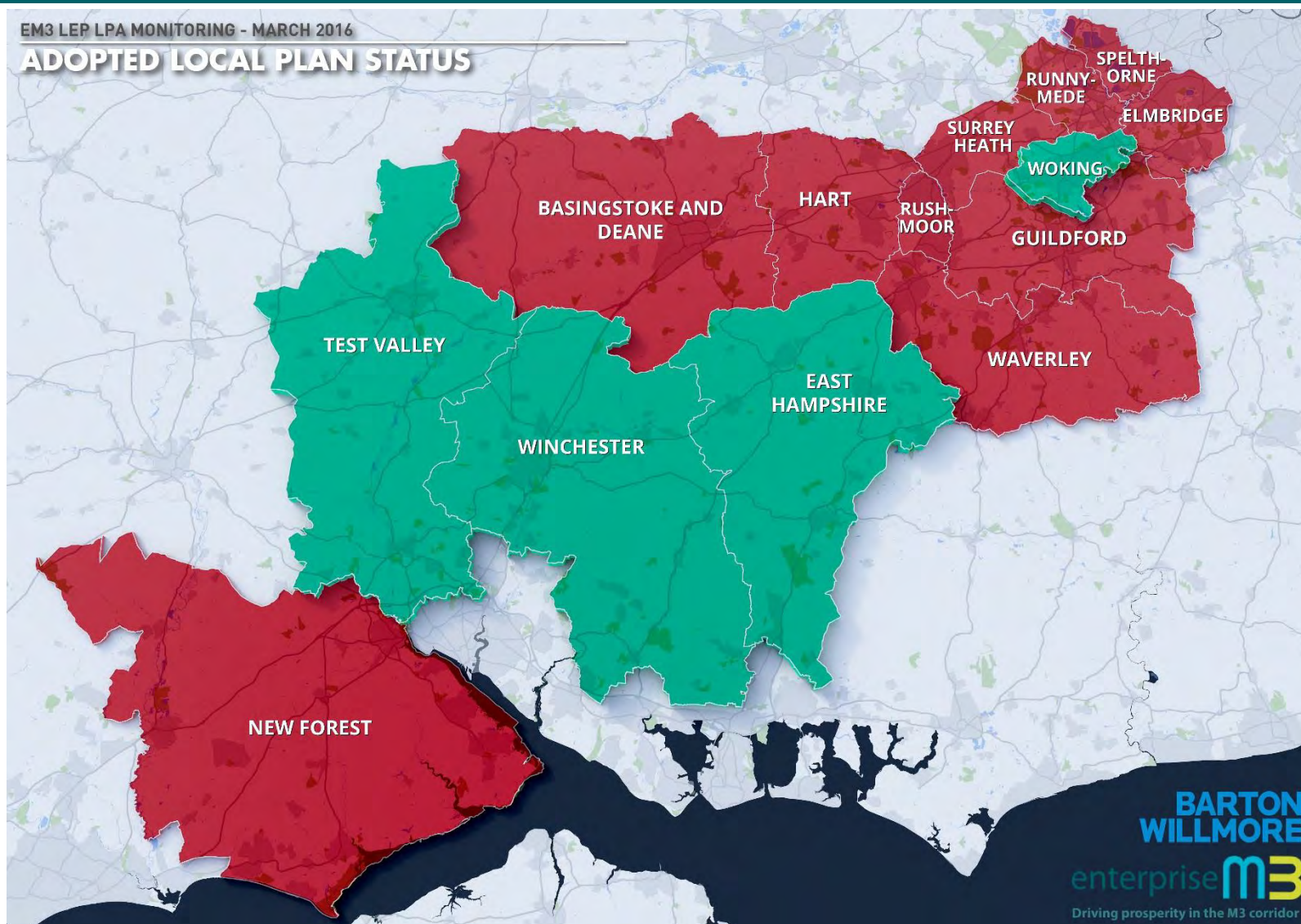
- Ministry of Defence
- Department of Health, NHS Foundation Trusts, NHS Property Services Ltd, NHS Trusts and Care Trusts
- Department for Transport
- Ministry of Justice (including Securities and Intelligence Agencies)
- National Savings and Investments
- Department for Business, Innovation and Skills
- Department for Environment, Food and Rural Affairs
- Department of Energy and Climate Change and Department for Communities and Local Government



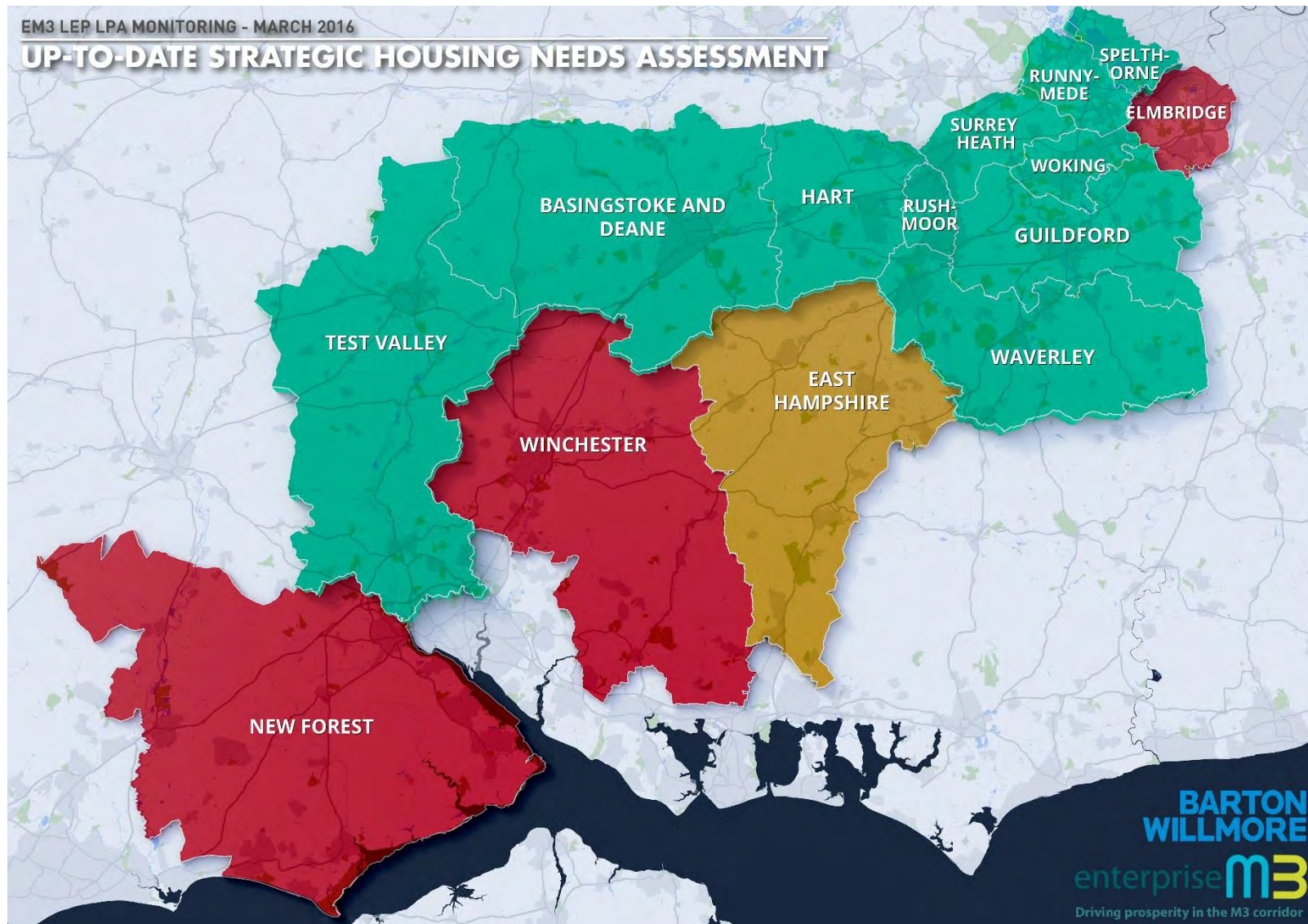


EM3 Area Emerging Planning and Housing Delivery/Affordability KPI's

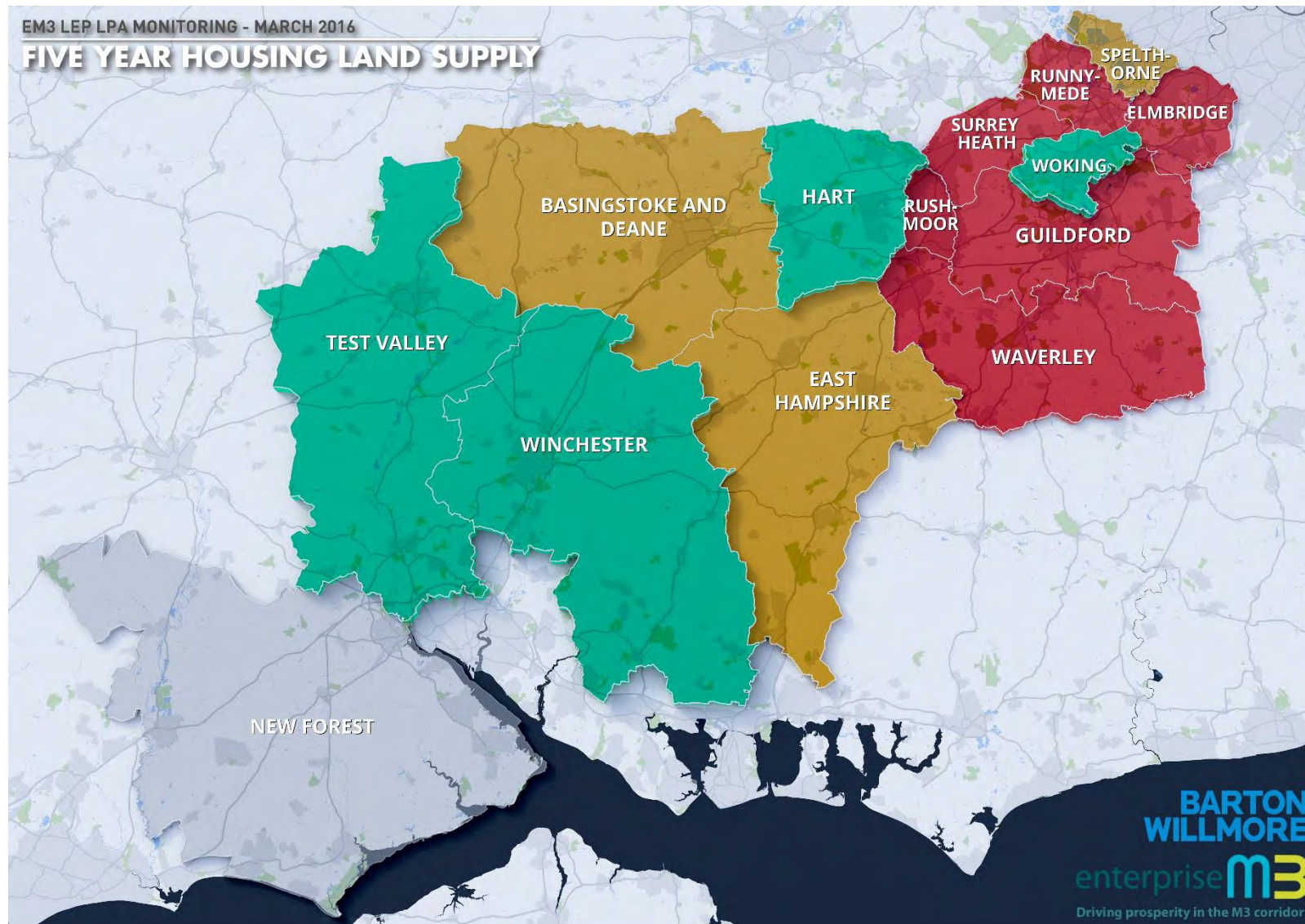
Evolving EM3 Residential KPI's – Adopted Local Plans



EM3 KPI's – Up-to date SHMA

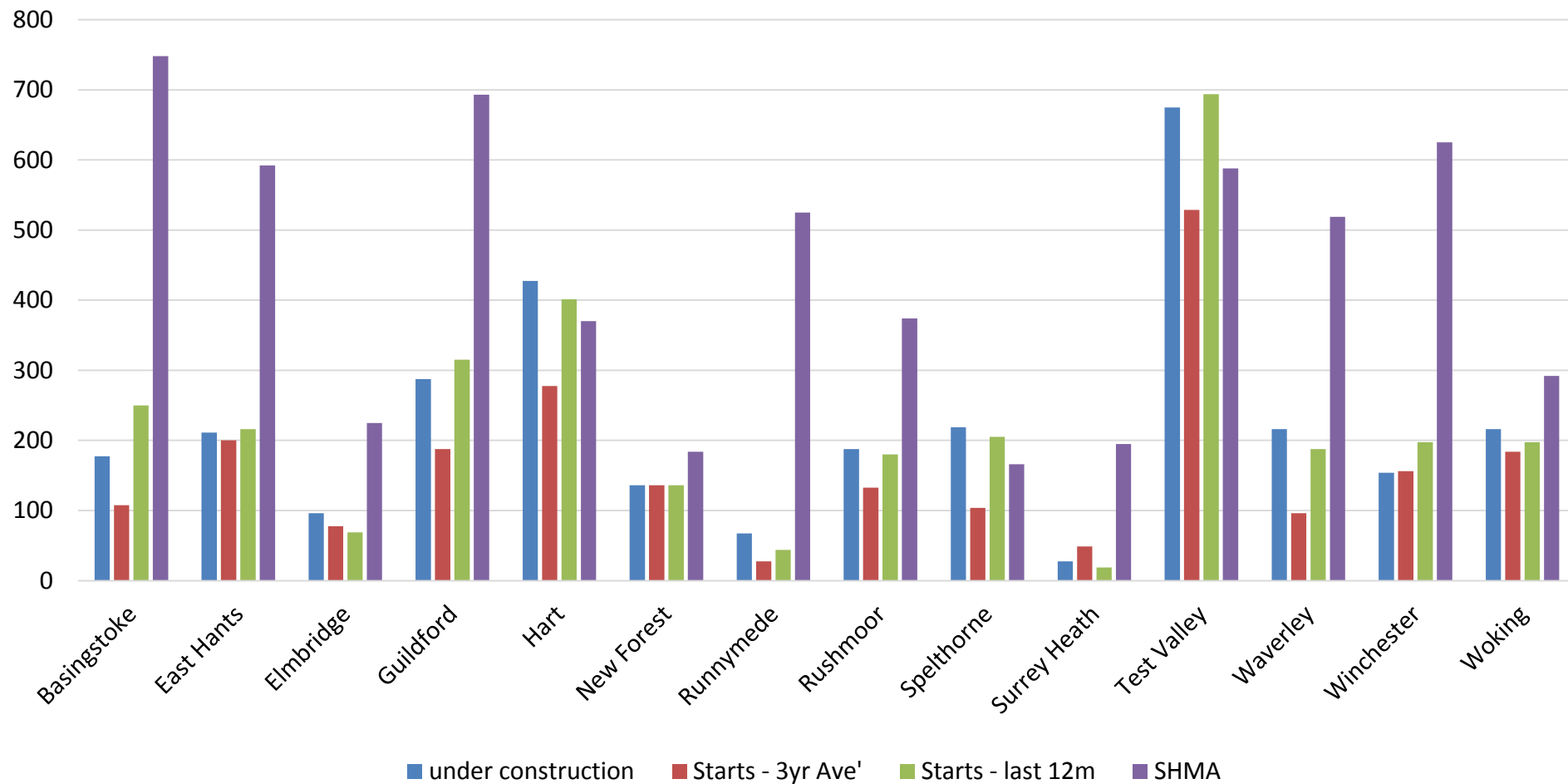


Five Year Housing Land Supply



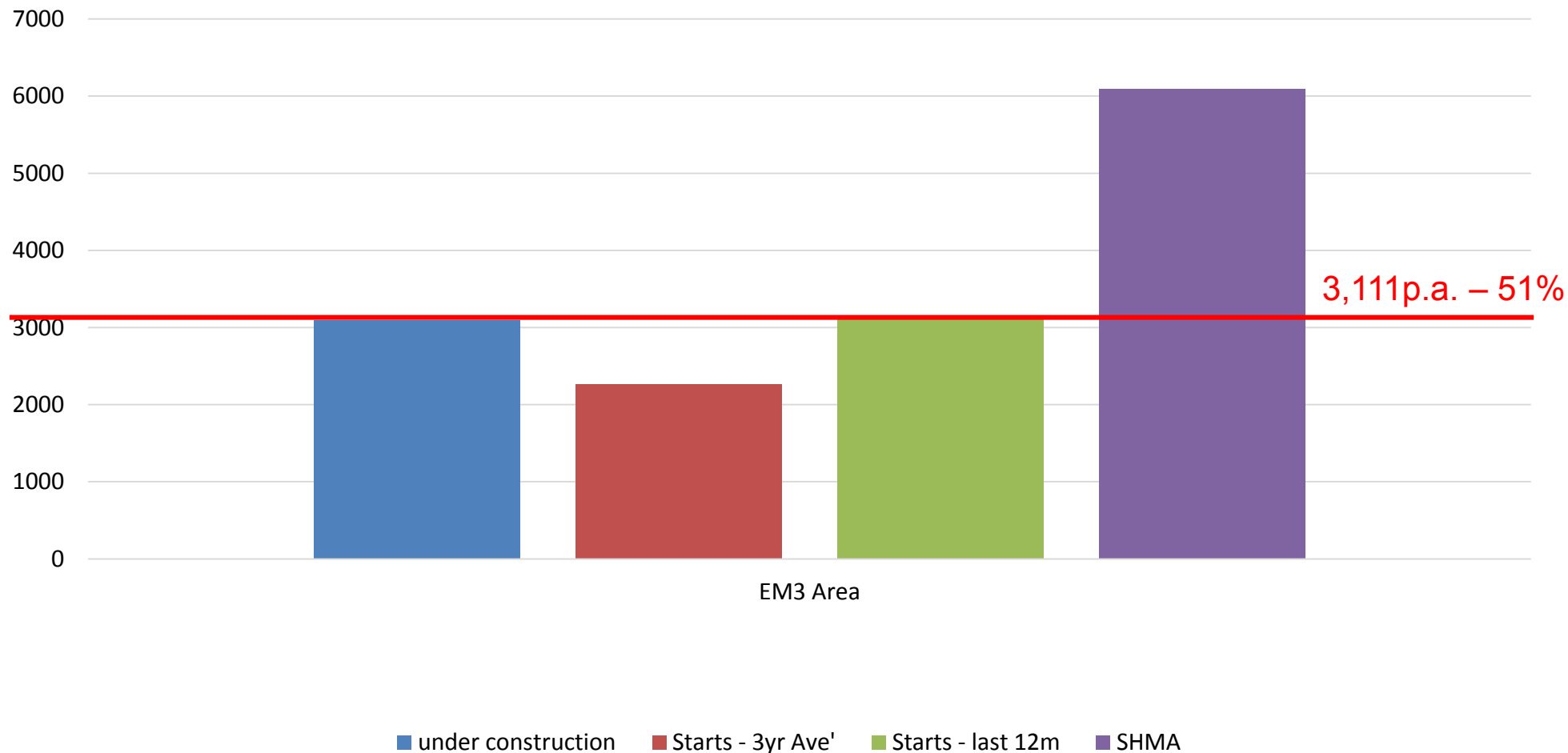
125% of NHBC private housing starts v latest assessed need

EM3 Housing Delivery



125% of NHBC private housing starts v latest assessed need

EM3 Overall Housing Delivery v Housing Need



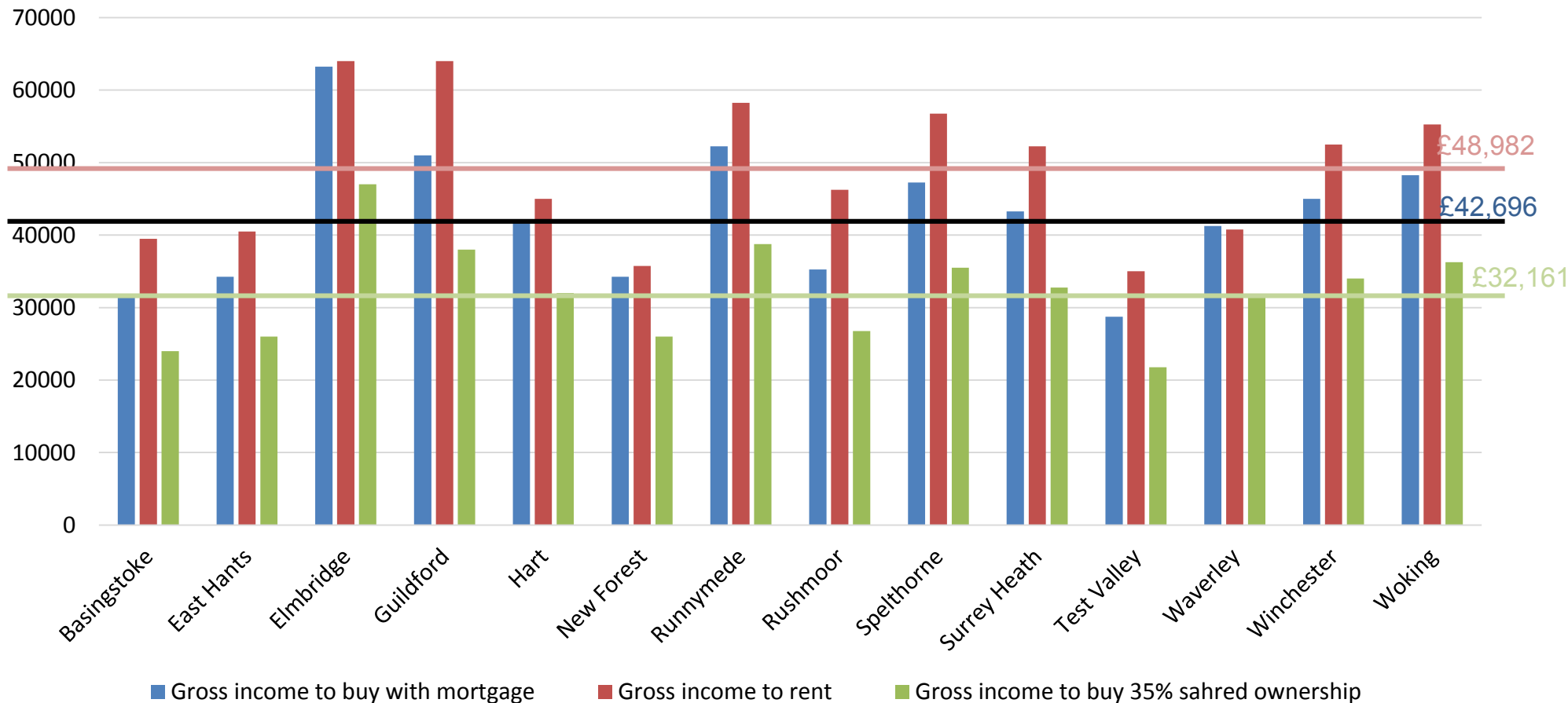
House price to earnings ratio


EM3 Housing Delivery



EM3 Area Housing Affordability

Gross income to buy/rent - £'s





Thank you
Any Questions?
