

Successful places
with homes and jobs



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Communities
Agency

A NATIONAL AGENCY

WORKING
LOCALLY



HBF Conference

Andy Rose
Chief Executive

24 March 2015



Outline

1. Update on HCA
2. Delivery progress: two years on
3. A time for reflection
4. Looking forward: 7th May and beyond



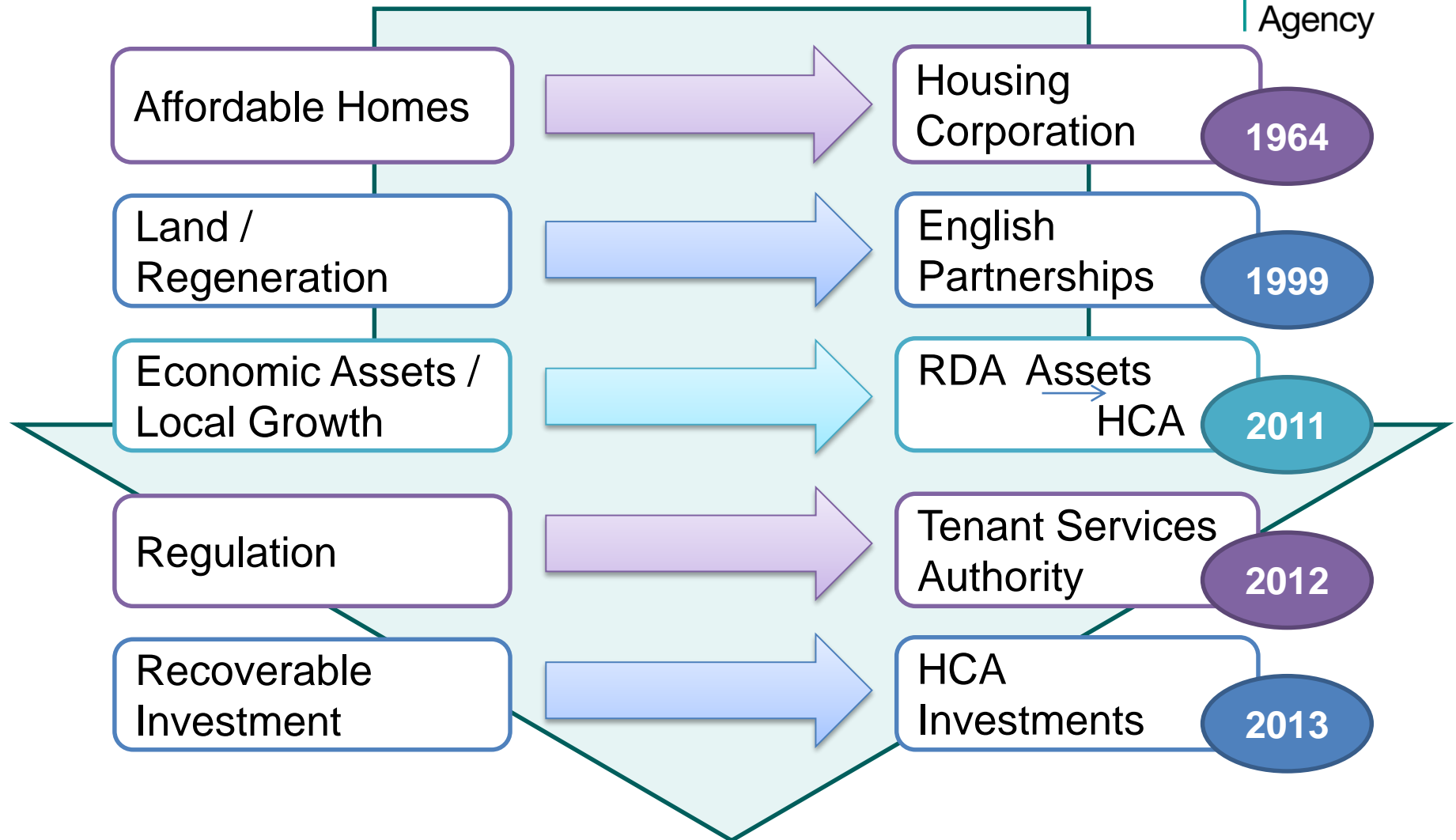
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Update on HCA

Our history



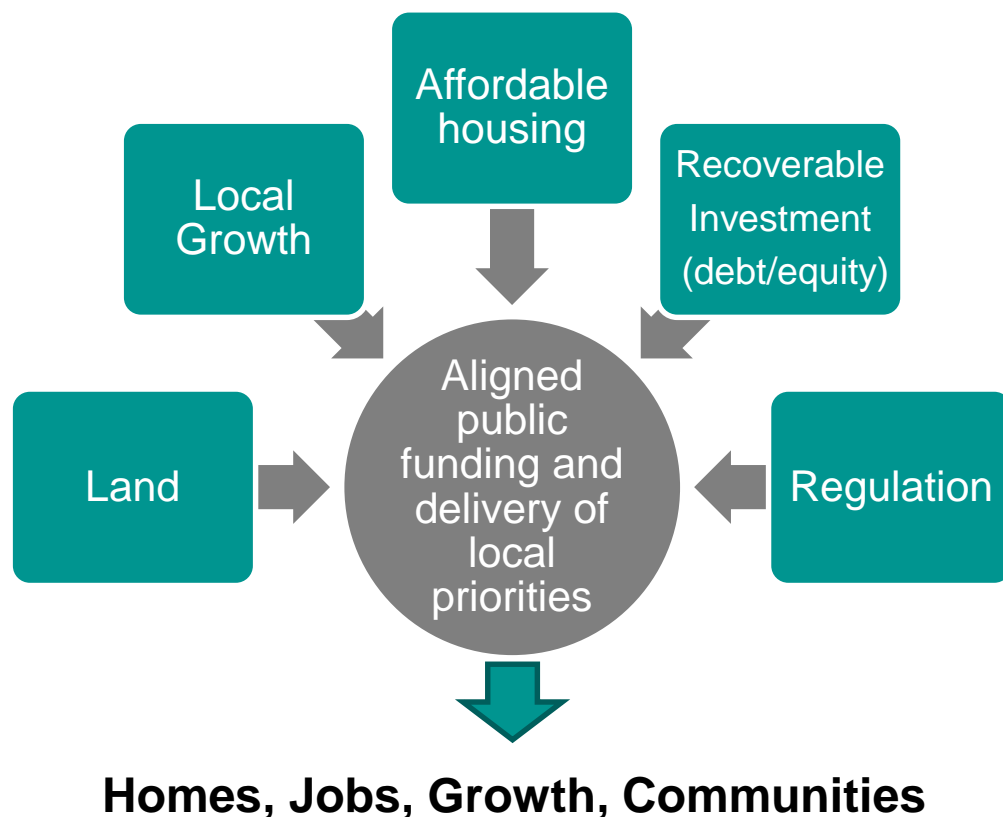
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One Agency



Five core functions



HCA's vision is to ***help create successful places with homes and jobs....***

The Agency has five core functions which it aligns in the delivery of this vision.

We deliver government policy working with local authorities and their partners. We bring together the right funding streams, land, economic assets and recoverable investments to delivery the Government's priorities.



Key interventions

Affordable Homes

- **AHP 2015-20** – £4.8bn to deliver 275,000 affordable homes nationally
- **Specialised housing programmes** - Older and supported accommodation, hostels, homelessness etc.



Land and local growth

- Hold a significant portfolio of land and economic assets
- Engage with local partners, including City/Local Growth Deals, where appropriate



Recoverable Investment

- Large Sites Infrastructure Fund (£1bn)
- Builders Finance Fund (£525m)
- Build to Rent (£1bn)
- Help to Buy (£9.5bn)





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Delivery progress: two years on



Recoverable Investment

- Announced RI programmes approaching £25bn (including guarantees run by DCLG)
- Two types of programme
 - ‘Market failure’ where the market is partly or fully inactive
 - ‘Market making’ to give confidence to new markets
- We have assisted over 42,750 individuals and families under the Help to Buy programme (as at Jan).





Recoverable Investment

- Built in-house capability and capacity
 - Ensuring that we have the right skills in place to deliver Government interventions – led to creation of HCA-I
 - Result – a dedicated unit with staff from the banking sector, the property, surveying and planning professions alongside programme and project managers - **combining financial disciplines with social outcomes**
- Strong appetite from the market
 - Most programmes heavily oversubscribed
 - Recent evidence of the schemes progressing without the need for government intervention



Land

- The HCA is the third largest land owner in the public sector
- Exceeded our contribution to government's target to release public land with capacity for 100,000 new homes
- Reclaimed 712ha of brownfield land
- Piloting Direct Commissioning role at Northstowe

Land is a significant element of our work





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A time for reflection



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A time for reflection

As much as we are looking outwards, it is an important time to look inwards

A time for reflection: recoverable investment



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You've told us...

- Need to refine our operating model
 - Move to relationship management model
 - Reduce/simplify the product offer
 - Work with the private sector (e.g. co-investment models)

- Need to be more responsive and flexible
 - Mix of long term (e.g. infrastructure finance) and short term (e.g. off-cycle development finance) needs
 - Understand market dynamics; more CME

A time for reflection: Land Disposal Review



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What you've told us...

- Some good practice but... can be too slow and prescriptive
- Important to review our policy and practice to:
 - Clarify our Disposal Strategy
 - Dispose of land as effectively as possible
 - Ensure we are presenting land that you wish to buy and develop





A time for reflection

- House building sector has enjoyed a period of strong financial performance
- Share values have responded positively, recovering from credit crunch lows; sector corporate debt paid down and increased dividends issued
- In economic terms, the industry is in good health and better equipped to meet the challenge of providing homes than 2 years ago





A time for reflection

- Industry has benefited from public sector intervention. Together we need to ensure that more houses are built.
- Important that the sector emphasises the positive contribution it is making, such as:
 - Jobs
 - Apprenticeships
 - Skills
 - Local supply chains
 - Environmental sustainability





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Looking forward: 7th May and beyond



Predicting the future

Whoever is elected, we will be operating in an environment where:

- 1** Focus on increasing housing supply
- 2** Trend towards devolved powers
- 3** Austerity is with us for the foreseeable future