Richard Hill
HCA

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Affordable housing and the role of the Homes and Communities Agency

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Deputy Chief Executive

Homes & Communities Agency

- Where is the housing market and what are the future prospects
- Budget announcements – FirstBuy and public sector land
- Affordable rent

House building low

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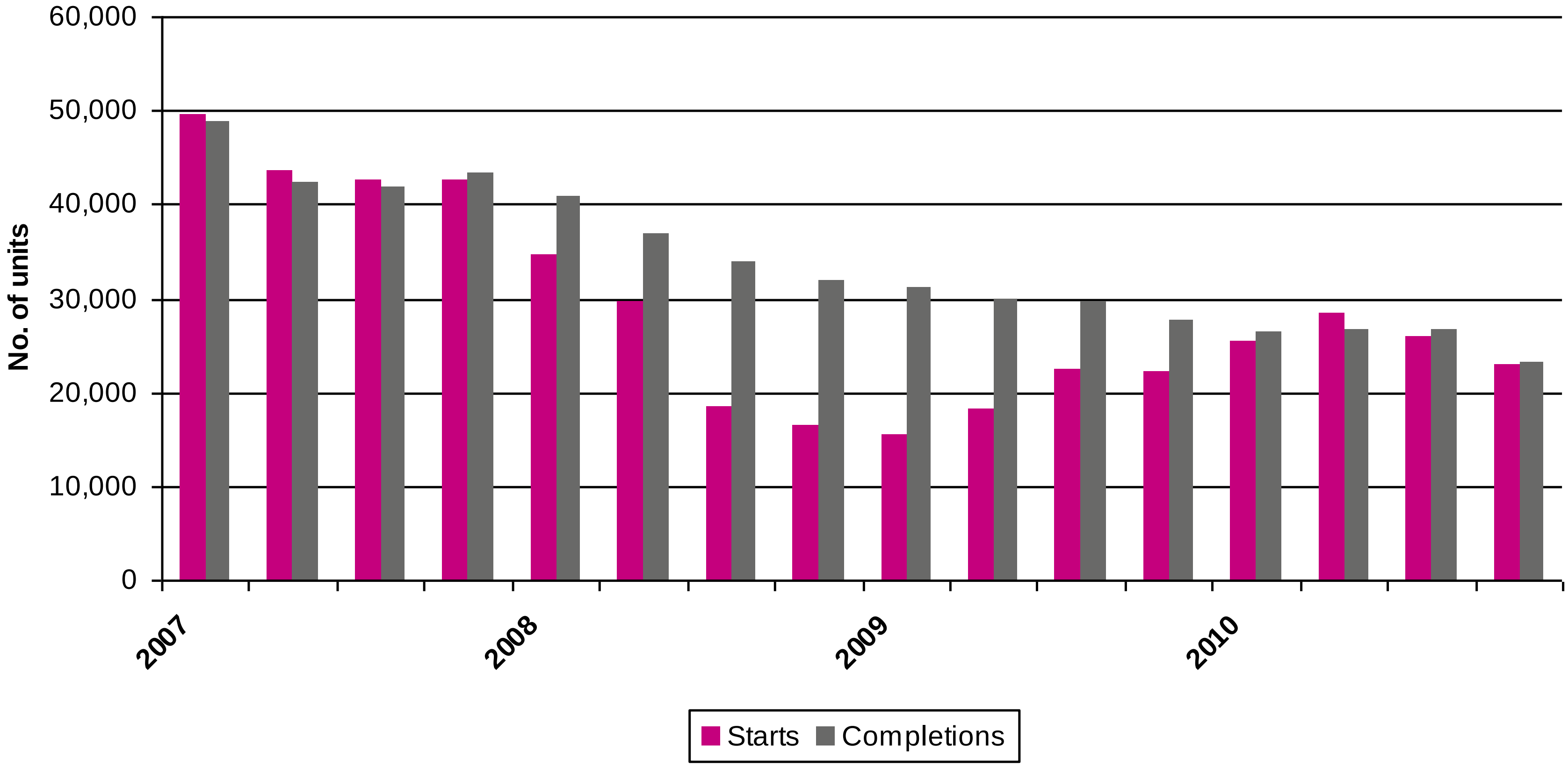
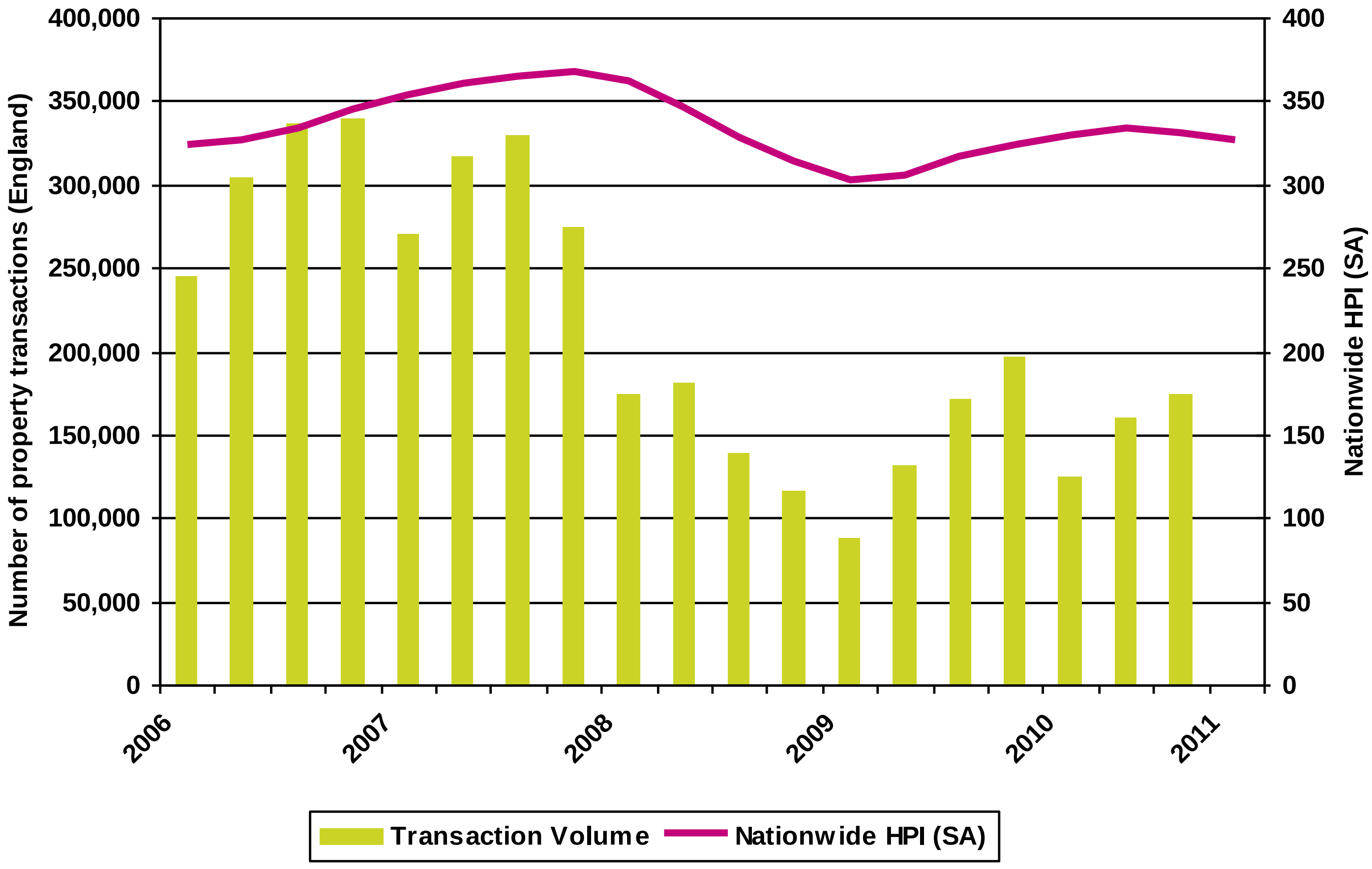
- 102,570 housing completions in 2010; lowest peacetime level since 1923



Source: DCLG

Transactions and prices

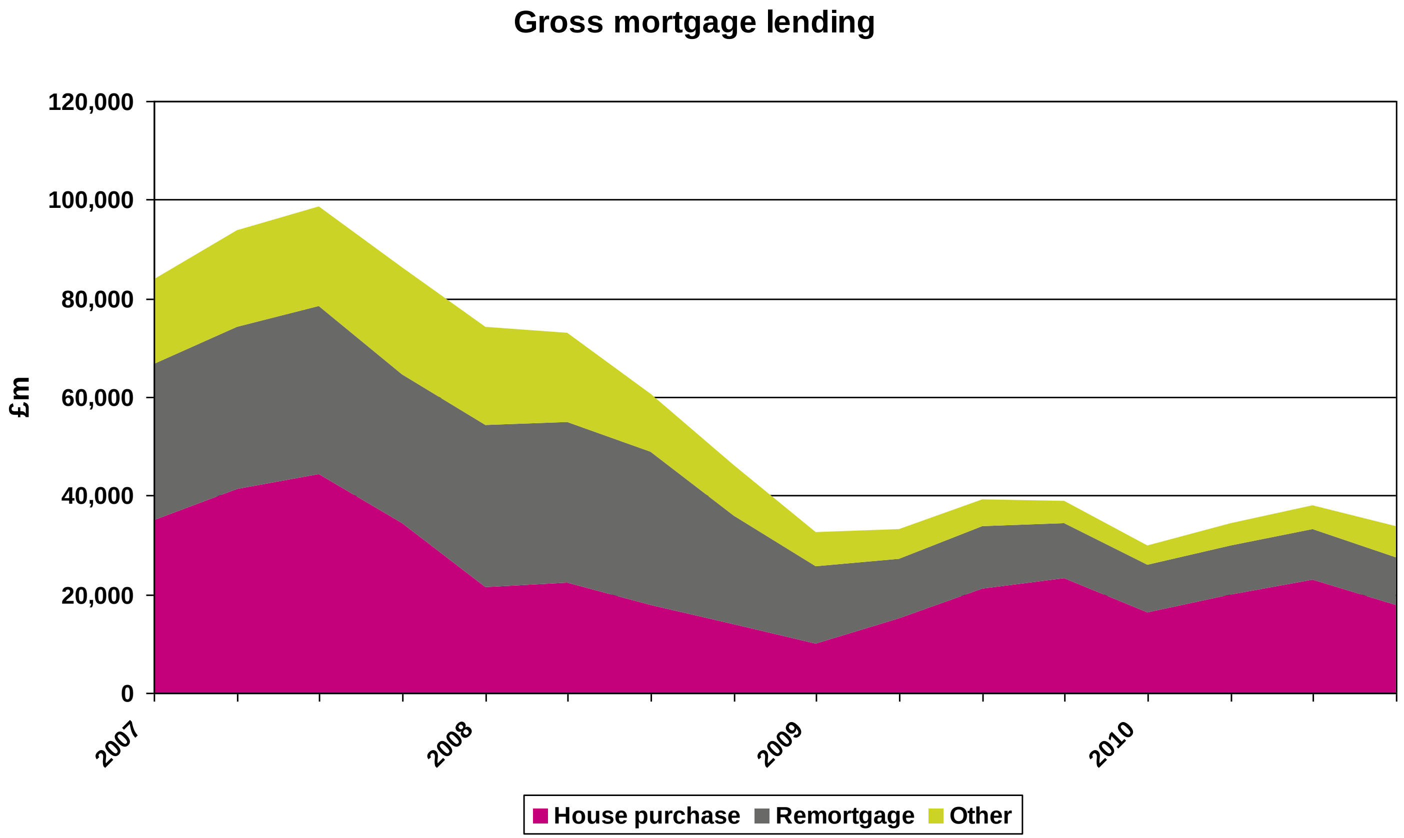
- London and South East account for approximately a third of all transactions



Thriving communities, affordable homes

Source: Land Registry, Nationwide

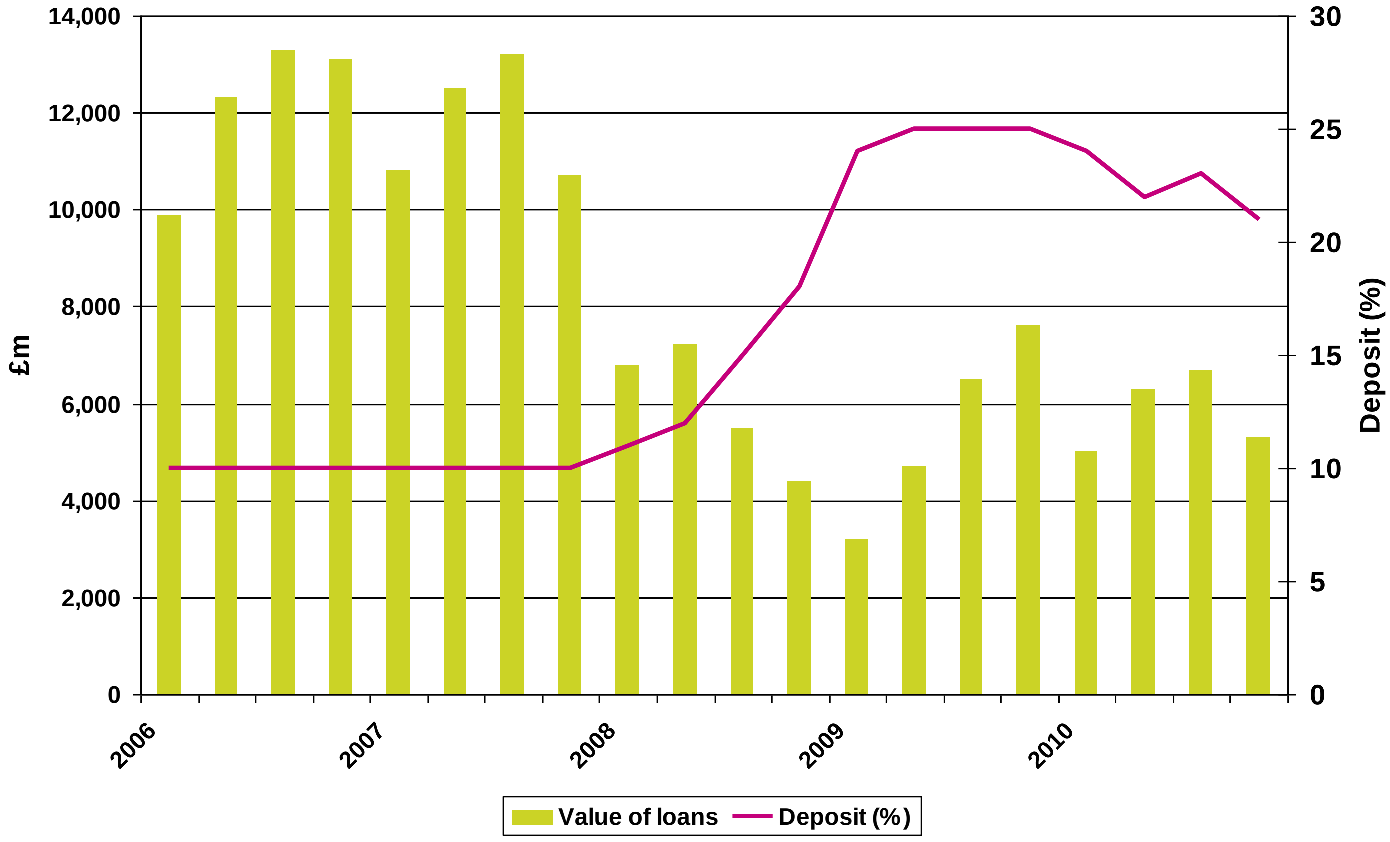
Mortgage Lending



Source: CML

First time buyers

- Proportion of FTBs is around 30% of total lending



Thriving communities, affordable homes

Source: CML

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2011 Budget - Key themes

- Housing demand
- Housing supply
- Enterprise and regeneration
- Planning and deregulation

Housing demand

- Firstbuy:
  - £210m to support 10,000 new build purchases over two years – 2011/12 and 2012/13
  - Equity loan of 20% (plus deposit of 5%) – mortgage of 75%
  - Ambition to maximise purchases in 2011-12

Housing supply

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Public land

- Accelerated disposal including use of deferred receipts
- Scrutiny and challenge for government departments – MOD commitment
- HCA to lead by example – sites and strategy in May

Bulk purchase stamp duty exemption

- Levelling the planning field for institutional investment in PRS

Regeneration and enterprise

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Enterprise Zones

- Eleven announced – Liverpool, Manchester, Leeds, London, Sheffield, Birmingham / Solihull, Nottingham/shire with Derby/shire, Black Country, Tees Valley, North East, West of England (inc. Bristol)
- Competition to identify further 10 launched

HCA scheme approvals

- Sevenstone, Sheffield
- Milton Keynes, Sustainable Residential Quarter

Planning and deregulation

- Presumption in favour of sustainable development
- Objectives for national planning framework by end year
- Neighbourhood planning and role of business
- Land auction pilots
- Ease change of use – commercial to residential
- Remove national targets on brownfield land
- No new Building Regulations (apart from next step to zero carbon in 2013)
- Define zero carbon to exclude plug in appliances (means 2016 zero carbon target equivalent to code 5)

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Affordable Homes Programme

- Framework contains all the detail
- £4.5bn (£2.3bn existing commitments)
- Up to 150,000 new affordable homes
- Providers and their local authority partners are invited to bring forward offers by 3 May 2011


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2011-15 Affordable Homes Programme – Framework

New delivery model

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- Flexibility to generate additional financial capacity to support new supply
- Offers to cover a four year period
- Close collaborative working key
  - Affordable housing providers
  - Developers and housebuilders
  - Local authorities
  - HCA
- Local priorities shape new supply

Affordable Rent

- Main element of the programme
- Rents set at up to 80% of market rents, service charge inclusive, for that property
- Up-rated by RPI + 0.5% for duration of tenancy
- Minimum 2 year fixed term, flexibility to offer longer tenancies
- Allocations and nominations are expected to be unchanged

Other options to meet local needs

- Affordable home ownership (shared ownership) where this is a local priority and offers value for money
- Funding for social rented housing may be considered in exceptional cases.
- Other programme elements:
  - Mortgage rescue
  - Homelessness Change Programme
  - Traveller Pitch Funding
  - Empty homes

Conversions

- Crucial element to generate sufficient capacity
- Consider mobility and risk to provider
- No ring fencing of capacity but encourage providers to aim to invest in same wide housing market area
- Primarily to Affordable Rent but flexibility to convert to shared ownership where appropriate

The role of Local Authorities

- Articulate a clear vision and ambition for their area which the HCA will support
- Support required for new supply
- Need continuous and meaningful ongoing dialogue with providers
- Nominations to new homes

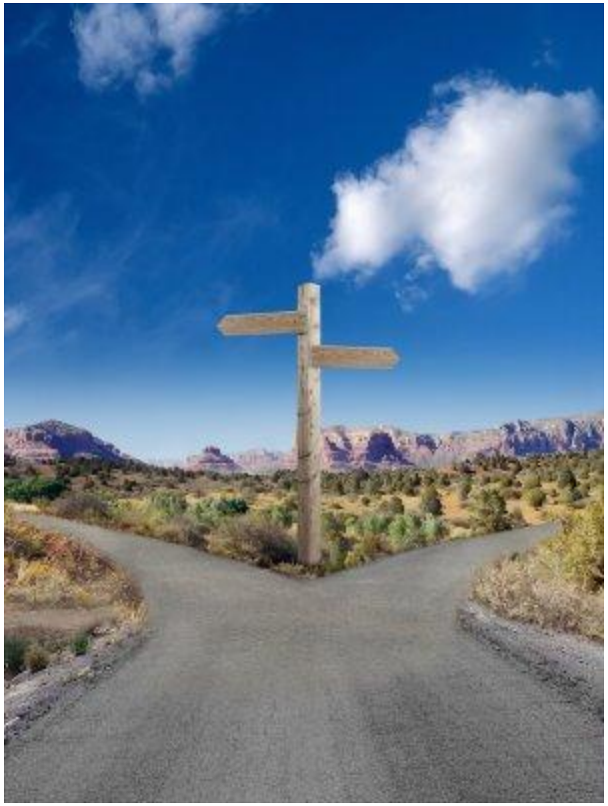
Contract and programme management principles

- All providers will enter into a standard form framework contract
- Flexible contract / performance management recognising that offers covering a 4 year period will be subject to change
- Payment by the HCA will be on completion of affordable homes

Fork in the road

- Deadline 3rd May

- Important strategic decision



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