

Delivering Housing in a Fragile Market

**THE ROLE OF THE RSL IN DELIVERING
DEVELOPMENT**

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Places for People*

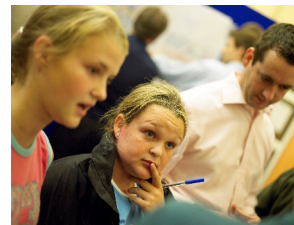
“Overall HAs are seeing a very different financial future and many are taking an extremely risk averse position.

As a result the recession is likely to see many HAs withdraw from new initiatives back to their core activities as well as take a more conservative view on investment opportunities”

*‘Renting in the Downturn’, Cambridge Centre for
Housing & Planning Research, LSE, CLG*

Making Places for People

- Development with a difference
 - Make a truly sustainable place; socially, economically & environmentally
- A market driven approach
 - The housing market is not primarily about houses. It's about creating places where people want to live and that hold their value.
- Capture, preserve & enhance the spirit of the place we are creating
 - Maintain the values of - and capture value in - the neighbourhoods we work in
- Create a positive & lasting legacy; maximise economic, social and environmental benefits
 - Put back more than we take out
- Create high quality environment for development through early investment in infrastructure & public realm
 - Attractive places attract people. People attract investment
- Developers don't make great places – the people that live there do!



Wolverton
Milton Keynes



“What House” Gold Award



Walker Riverside
Newcastle upon Tyne



RICS Regional Award: Best Residential Building for Life Silver



St Thomas' School Kensington

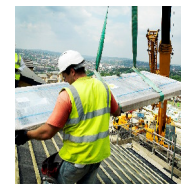


*"Best partnership between the
Public & Private Sectors"*

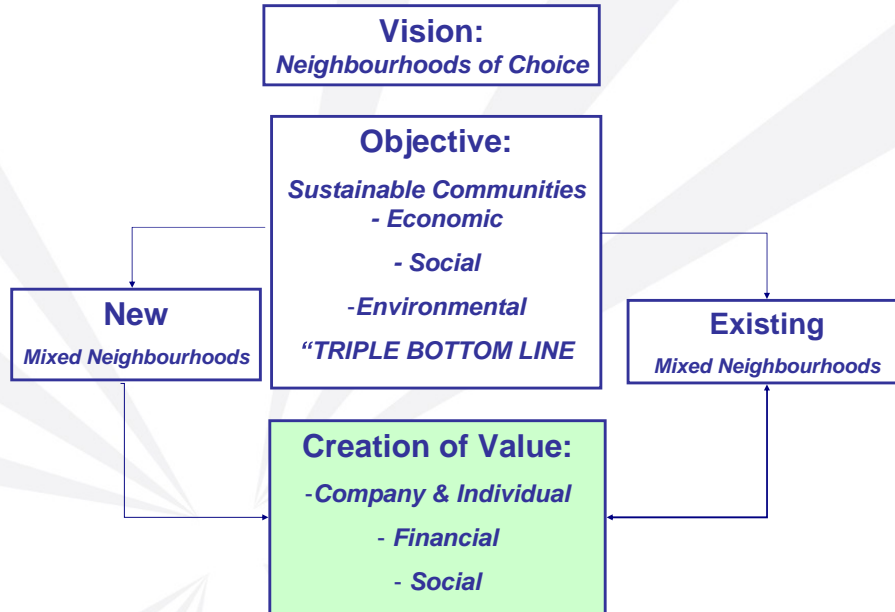
PfP Investment Model: A long term commitment



- **Asset Creation**
 - Development
 - Land
- **Asset Performance**
 - Investment Portfolio
 - Ongoing equity investment
 - Future income streams
- **Asset Management**
 - Place Management
 - ESCOs/MUSCOs
 - Service Delivery
- **Long Term Investment Model**
 - Not solely short term development profits



Creating Value: A Triple Bottom Line Approach



Strategic Response to a Changing Marketplace



- Investment model focuses on long term returns over whole life of a development and involving all parts of the Group
- Multi-tenure options
- Revised programme and resources
- Focus on Strategic Projects to deliver Group vision as market recovers
- Moving away one-off stand alone smaller developments (apart from Specialist/supported housing)
- "PLACEMAKING" – long term value



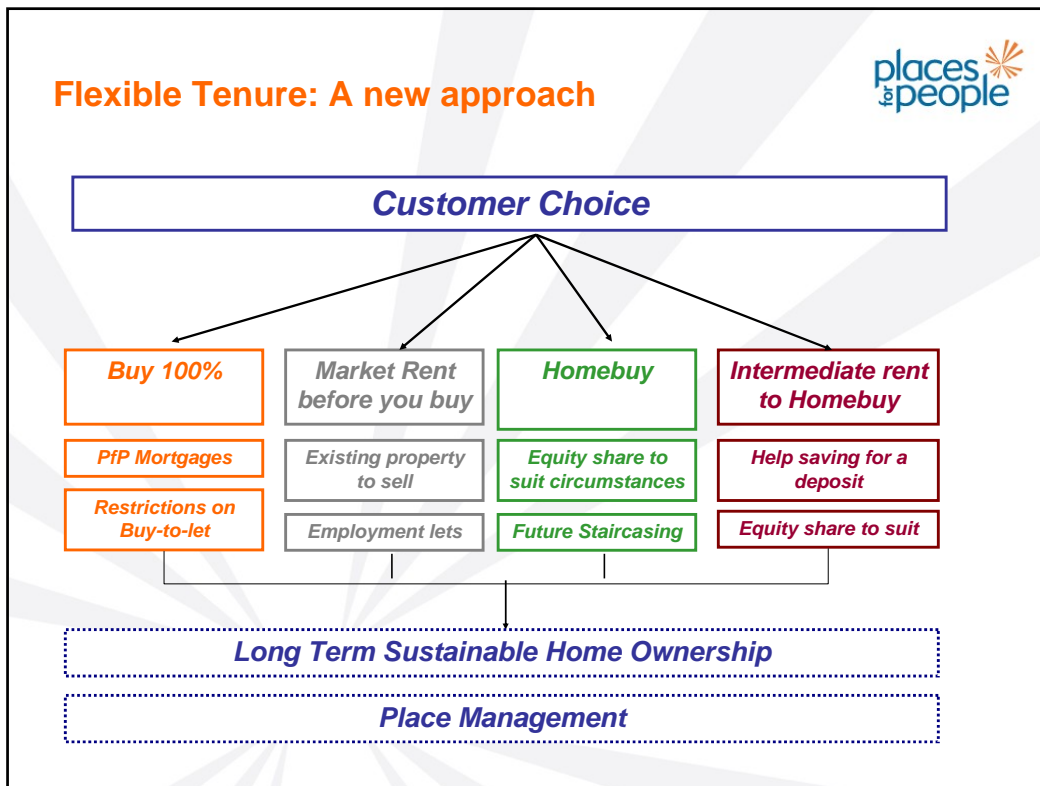
Key issues/barriers

- Affordability is not now, in many cases, the major constraint
 - Eligibility criteria for “affordable housing”
 - Need for intermediate tenures
 - Too many different products and options?
= Flexible tenure approach

Existing Low Cost/Intermediate products

- Existing products tend to be pre-allocated – i.e. tied to a particular unit – therefore that home is defined by its tenure.
- The mix of a development is predetermined, not giving any latitude to respond to changing market conditions over time, and real market demand.
- The vast array of different products is confusing for consumers.
- The eligibility and application process for each of these products is different.
- Some of the products conflict with one another. For example, shared ownership may not be a very good option in comparison with an equity loan.
- Some of the products are not really very affordable.
- There are sometimes restrictive resale conditions attached to the product
- They are badged as “affordable housing”

Flexible Tenure: A new approach



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 - Eligibility criteria for “affordable housing”
 - Need for intermediate tenures
 - Too many different products and options?
 - = Flexible tenure approach
- Access to mortgages remain the main issue
 - LTV’s continue to fall
 - FTB’s trying to save 25% deposits
 - Lack of mortgage providers willing to invest in shared ownership (shared equity less of an issue)
 - = PfP Mortgages & equity loans

Strategic projects



- Investment
 - *Site promotion*
 - *Infrastructure*
- Long term investment model
- Reviewing existing planning consents
- Securing joint ventures/ partnerships
- Close liaison with Government and HCA to maximise public sector leverage and pump-prime housing production
- Flexible Tenure
- Maximise social and economic benefits as well

