



UNLOCKING LOCAL GROWTH

DELIVERING THE HOMES THAT LOCAL PEOPLE NEED
IN THE GREATER BRIGHTON CITY REGION



The Hyde Group
Making a lasting difference

Greater Brighton city region picture

- ▶ Greater Brighton city region faces significant shortfall in housing supply
- ▶ Growing population and changing living patterns are adding to supply side issues
- ▶ Affordability remains a pressing issue, with high average house prices contrasted by low average wages
- ▶ Not just housing numbers, a mix of housing types and sizes are required to cater for housing needs and to retain population and workers
- ▶ The Greater Brighton city region needs to increase supply of all types of housing tenures

The changing national picture

- ▶ Shift in political emphasis towards enabling home ownership
- ▶ Asset value of affordable rent product reduced by c 30% through 4 year rent reduction (-1%)
- ▶ HAs seeking to increase delivery of low cost home ownership products to meet demand
- ▶ LAs retain statutory duty to house people in 'priority need'
- ▶ Welfare reform measures including £20K benefit cap (outside London) pose additional risks for social housing providers
- ▶ Both HAs and LAs looking for ways to generate income and to increase housing supply

Case for investment in housing supply

- ▶ LAs looking for ways to invest to generate income to replace lost revenue support grant
- ▶ Investment in new housing supply creates economic stimulus: £1 invested into new housing can equate to £2.48 in the local economy
- ▶ The business community sees the lack of 'affordable' housing as being one of the most important constraints on the labour market. Supporting low and middle income households is essential to the competitiveness of the Greater Brighton City Region economy
- ▶ LAs and HAs are aligned in wanting to increase access to home ownership and meeting more acute housing needs
- ▶ LAs investing can shape and influence housing types and standards

Potential new models of supply, through joint venture partnerships



Living Wage Rent
Model



Living Wage Home
Ownership Model



Increased Shared
Ownership output

“ The latest English Housing Survey shows that more than half of working age social tenant households include someone in work – full time or part time. ”

The reality is that renting or buying a good quality home is a distant dream for a lot of residents in the Greater Brighton City Region. Investment in housing supply can make good business sense for LAs whilst tackling a challenging social issue.

Solution could be found in a Joint Venture approach between LAs and HAs

Pooling resources, land, finances, skills and expertise to:

- ▶ Deliver housing for rent and low cost home ownership for working households
- ▶ Affordable to people earning the new National Living Wage
- ▶ Adding value to the local economy
- ▶ Delivering a return on investment

Housing designed to be affordable to households on national living wage.

Studio flats to family homes.

Land, equity and debt pooled, together with skills and expertise, to increase housing supply.



Headline Economic Benefits for Greater Brighton

Inward investment in new homes

Jobs & Apprenticeships

Place making & regeneration

Community infrastructure

New council tax revenues

New Homes Bonus

- ▶ Skills centres on all construction sites to maximise apprenticeships, training and skills opportunities
- ▶ Supply chain required to employ local labour, maximising benefits to local economy
- ▶ New housing supply provides opportunities for investment into new community infrastructure
- ▶ Equity and funding returns for investment partners
- ▶ Returns for LAs outside joint ventures include new council tax revenues and new homes bonus

Hyde's experience of Joint Ventures

Provider of Equity

Raising debt from markets

- Equity
- Senior Debt
- Mezzanine

Provider of development Services

Provider of Finance & Corporate Services

- ▶ The sum of the whole should be greater than the sum of the parts
- ▶ Alignment of partner's objectives is critical
- ▶ LAs and HAs share a desire to increase housing output and can take longer term view when investing
- ▶ LAs and HAs jointly present an attractive investment vehicle for funding markets and institutional investors
- ▶ Potential to access European debt funding for social housing investment through European Investment Bank funding

“ There is the opportunity to provide leadership to the sector showing that innovation and private public partnership working can provide a solution. ”



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