Park Central, Attwood Green, Birmingham

Exploring the Future of Housing Investment in the United Kingdom

A Report of the ULI Urban Investment Network and Homes and Communities Agency's Housing Finance Forum

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Urban Land Institute
Urban Investment Network

Homes & Communities Agency

Urban Land Institute (ULI)

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating thriving communities worldwide. ULI is a non-profit research and education organisation founded in the USA in 1936 and dedicated to the best in land use policy and practice. It has over 35,000 members across 92 countries worldwide including over 2,400 in Europe representing the entire spectrum of land use and development disciplines in both the private and public sectors. The ULI is the leading multidisciplinary industry forum encouraging the exchange of ideas, information, and experience, and a think tank where members grow through sharing, mentoring and problem solving.

ULI is a non-partisan research and educational institute directed by its members and supported by dues. It neither lobbies nor acts as an advocate for any single profession or industry. The Institute operates on a USD 55 million budget with a global staff of 140 headquartered in Washington, D.C. At the heart of the ULI experience is an open exchange of ideas, networking opportunities, and the ability to work with the leaders of the land use industry.

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The Homes and Communities Agency (HCA)

The Homes and Communities Agency (HCA) is the single, national housing and regeneration delivery agency for England.

Our vision is to create opportunity for people to live in homes they can afford, in places they want to live and to enable local authorities and communities to deliver the ambition they have for their own areas.

We achieve this by:

- Understanding the needs and aspirations of people and communities through close working with local authorities on local investment planning
- Enabling local delivery through the channelling of our expertise and investment
- Working effectively with the market, housebuilders, investors and other stakeholders

For more information visit homesandcommunities.co.uk

Cover Image: Park Central in Birmingham is part of the wider Attwood Green regeneration, bringing around 1800 new homes to the run down Lea Bank estate. £33m of HCA investment has gone into the regeneration to date and 1000 new homes are already built along with public art, parks and community facilities. *Image supplied by the Homes and Communities Agency*

The ULI and HCA Housing Finance Forum was generously supported by:

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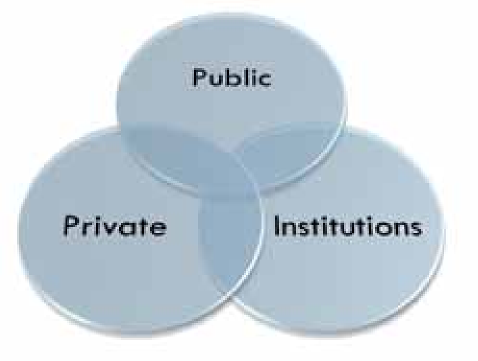

What is the ULI Urban Investment Network?

The ULI Urban Investment Network exists to promote and facilitate world class investment in European urban development. The initiative has been developed by the Urban Land Institute in collaboration with a group of leading cities, European institutions and private sector organisations.

This independent Network is facilitating a continuous dialogue between those public and private sector leaders seeking to improve their ability to collaborate. Its premise is that public - private relationships with a high level of collaborative working provide more opportunities to bridge investment gaps and overcome city development challenges.

Why is the ULI Urban Investment Network needed?

Effective collaboration is essential if Europe is to meet the 21st century challenges of being globally competitive in a knowledge-led economy, reducing carbon emissions and making the most effective use of land for urban development. The 'investment gap' is broader than capital, as opportunities also exist to improve knowledge and skills, institutional frameworks and techniques for collaborative working.

Who is engaged with the ULI Urban Investment Network?

- Corporate and institutional investors, developers and advisors
- Specialised urban, property and infrastructure fund-managers or financiers
- City and metropolitan leaders and development executives
- European financial institutions and National development bodies

Next Steps

A network of up to 200 organisations is being built which will meet regularly and develop trusted relationships that deliver a high level of knowledge exchange. Following successful workshops and the first annual Urban Investment Network Summit in 2009. A series of workshops, leadership forums and summit have taken place and will take place in 2010 and beyond.

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The Housing Finance Forum and report were organised and delivered through the work of the ULI Europe team, and special thanks are extended to Brian Kilkelly, Sarah Hills-Jones, Alexandra Notay and Sarah Nemecek for their support.

Contents

Introduction

Purpose of the Forum

The June 2010 Housing Finance Forum was a joint initiative organised by the Urban Land Institute in partnership with the Homes and Communities Agency (HCA).

The purpose was to bring together key stakeholders within the UK housing industry to consider the issues the market faces and to suggest possible ways to solve the overarching problem of a lack of housing delivery.

The Forum was supported by the Willmott Dixon Group and Wragge & Co.

Background

The recession fundamentally altered the UK housing market. It is constrained by a lack of finance for individuals and businesses, a complex and resource-draining planning system and a deficit in the supply of new housing. This has wider impacts for the economy as a whole: for every house built 1.5 direct full-time jobs are created, plus another 6 indirect jobs further up the supply chain.

After months of falling prices and stalled development projects, the housing market began to recover and since Q2 2009 has outperformed even the most optimistic expectations. However, stakeholders are still faced with the underlying problem of a lack of housing delivery and a fragile market.

The Forum highlighted a number of specific challenges which face the UK housing market. These include:

- Less traditional capital available for house building.
- Continued mortgage affordability and qualification problems for purchasers, especially amongst the young.
- Viability of strategic sites and land owners unwilling to sell at the bottom of the market.

This list of challenges is by no means comprehensive, but demonstrates some of the constraints currently hampering the delivery of adequate housing supply in the UK.

As a result, there is a realisation that a return to the "traditional" way of operating will not succeed and the future success of the housing market depends on a collaborative and more innovative approach.

Purpose and Structure of the Report

The purpose of this report is to present the key suggestions which emerged from the Forum regarding how to overcome this fundamental challenge.

Forum participants recommended four categories of possible interventions to drive forward housing delivery:

- Encouraging institutional investment.
- Creating innovative finance mechanisms.
- Creating innovative delivery structures and investment vehicles.
- Maintaining the momentum of current activities.

Although in subsequent sections we discuss these categories individually, none of them are mutually exclusive. Indeed, solving the underlying problems surrounding housing delivery may require a package of interventions.

The report concludes with ten recommendations to be taken forward. These are not meant to be prescriptive, but reflect areas where stakeholders feel more attention is required to ensure a better functioning residential market.

Located in South Telford, the Woodside scheme is regenerating a 1970's housing estate of some 100 hectares. Around £18m of HCA funding has been invested to date and a new Extracare facility and community centre have been built as well as private and affordable housing and environmental works.

1. Encouraging Institutional Investment

Participants explored a number of approaches to attract further capital investment and attract new entrants to the market. However, participants accepted there is no quick fix to the problem of recapitalising the market to drive housing delivery, and all of the potential solutions will affect the market differently in different areas of the UK. Consequently, a pragmatic and locally sensitive approach must be adopted.

Clarifying the Investment Opportunity

To attract additional investment from new sources, it is necessary to clarify the investment opportunity offered by the residential market.

In spite of investors looking to scale back the size and risk of their investments, the residential housing market remains one of the most attractive asset classes in which to invest.

Research undertaken by Savills illustrates that for the £20,000 to £50,000 income bracket, the main source of new housing type is via the private rented sector. This is also highlighted in the English Housing Survey undertaken by the Office for National Statistics and published by Communities and Local Government (see graph below). The value of the private rented sector is worth in excess of £500 billion, and dwarfs the value of the commercial sector.

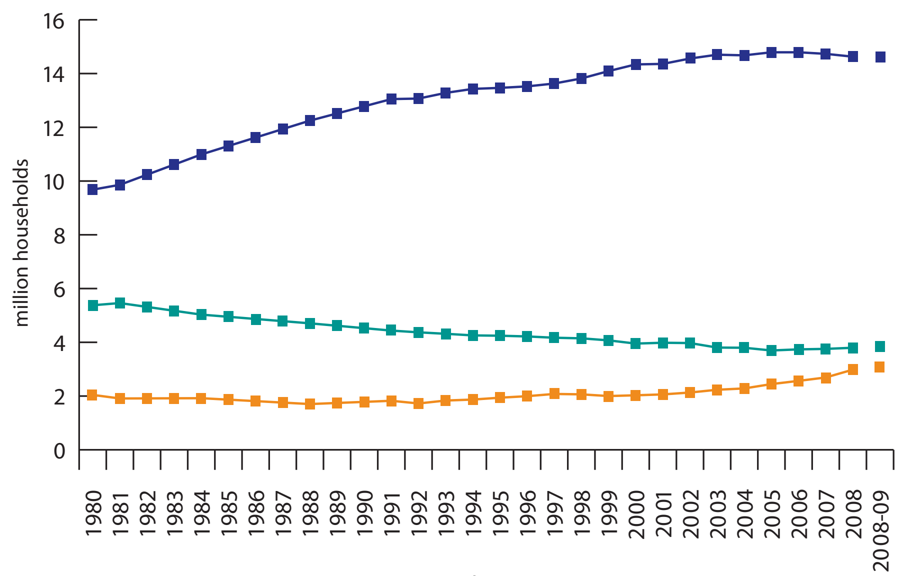
Between 2000 and 2009, the residential total return index experienced growth of 135% to December 2009 (10% annualised), double the 68% returned to investors in commercial property (5.8% annualised). At the same time, residential market let investment has consistently rewarded investors with greater capital returns than commercial property and other asset classes since 2000, despite lower income returns.

The long-term real performance of the residential sector represents a hedge against inflation and volatility whilst maintaining impressive performance relative to other sectors. This is extremely important, especially in the current economic climate. Investors are looking for ways of investing which can deliver long term stable returns with as few fluctuations as possible. In this regard, investment into the residential sector offers a steady return, hovering between 3% and 3.5% annually, while also representing a potentially better overall long term investment, which does not impact on cash flows in the same way that commercial real estate investment does. This opportunity is being increasingly understood by investors, but needs to be given more clarity and Forum participants suggest a more aggressive marketing strategy.

Reducing Taxation Barriers to Entry

Current tax laws are a significant barrier to encouraging new entrants and capital into the residential development market.

A graph illustrating the growth of the Private Rented Sector (1980-2009)



Source: 1980 to 2008 ONS Labour Force Survey 2008–09 English Housing Survey – full household sample

The current Stamp Duty Land Tax (SDLT) legislation discourages bulk purchasing of property and therefore institutional investors. SDLT is payable on the total value of the purchase rather than individual units. The highest tax band of 5% will be applicable for purchases over £1 million from April 2011. The current top band is 4%, payable on purchases over £500,000 and so is generally payable on bulk purchases (tax rates range from 0% below £250,000 and 3% between £250,001 and £500,000. The higher rate of 5% will not apply because bulk purchases of more than six units will be exempt).

This means the tax liable on the acquisition of stock by institutions is disproportionately high when compared with an investor buying individual lots. For example, consider a bulk buy of hundred properties with an individual value of £250,000 and a parcel value of £25 million. The stamp duty payable on the individual units would total be £250,000. However, for a REIT the comparable tax would be £1 million. This inequality between individual and bulk investors is clearly a barrier to entry for investors.[1]

This would be easily rectified by removing SDLT liability on the cumulative investment total of developments.

According to one key speaker at the Forum, Capital Gains Tax (CGT) is a constraint to new entrants in the residential property sector. CGT is charged at 18%, but the June 2010 budget saw CGT increase to 28% for high earners. The increase was not as dramatic as anticipated, but the rise could still act as a deterrent for some investors.

Simplifying Planning Laws

Forum participants identified the residential planning process as complex and suggested it may ultimately inhibit investment into the UK housing market. One speaker stated it simply takes too long, discouraging potential investors in this way. A number of solutions were proposed. They included:

- Greater planning autonomy at the local level;
- More flexible application of planning law to encourage new partnerships and financial innovation;
- The cutting of unnecessary red tape;
- A reconsideration of the way in which land is allocated as Sui Generis, or unique to its own situations.

All of these proposals, whether taken forward individually or as a package of initiatives, have the ultimate aim of simplifying planning laws to make it easier and more attractive for developers and institutions to invest.

1 Direct Gov (2010): Tax on buying property, http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/TaxOnPropertyAndRentalIncome/DG_4015918, 20th June 2010

2. Creating Innovative Finance Mechanisms

New entrants and capital can be further attracted to the residential development market through the implementation of innovative finance mechanisms. These mechanisms are extremely pertinent in infrastructure-hungry strategic sites, which require significant upfront investment before they become viable investment opportunities.

Value Capture Finance

Value Capture Finance mechanisms can be used to achieve a win-win situation for both public and private investment partners. According to a 2009 ULI Urban Investment Network report, these techniques are defined as the appropriation of value, generated by public sector intervention and private sector investment in relation to an underused asset (land and/or structure), for local re-investment to produce public good and potential private benefit.[2] Tax Incremental Finance (TIF) and Section 106 agreements are examples of how these new innovative Value Capture Finance techniques can be applied.

The negotiation phase of these mechanisms is key to ensuring that both parties glean their desired rewards in a mutually beneficial manner. It was also noted by key stakeholders that a PRSI block should not necessarily have section 106 implications.

Case study: The Edinburgh Waterfront TIF

The waterfront regeneration being undertaken by Forth Ports Plc in Edinburgh is an excellent example of how TIF can be applied to encourage residential development. In response to the projects' funding crisis, Edinburgh city council is set to become the first in the UK to utilise a system of TIF to attract further private investment to the Waterfront. By spending £84 million on infrastructure work, businesses and developers will be encouraged to invest in the Waterfront area. TIF allows the Council to raise the capital required against future increased income from business rates.

The TIF method, if adopted as anticipated, is expected to attract additional investment of between £72 million and £206 million.[3,4]

Case study: Private Rental Sector Initiative

The principal focus of the Private Rental Sector Initiative (PRSI) is on new build properties, with the potential to consider newly built housing products as "seed assets." Under the development initiative, risk will remain with the house builder and the housing product is principally for private rental, potentially with an element of intermediate rental housing in some instances. The initiative's investment return profile is primarily income focused, as opposed to capital growth.

Since its initial launch in June 2009, the PRSI has received interest from large UK pension funds and other investors, property developers, fund managers, housing associations and property managers. The PRSI's launch has proven that it has the potential to be a successful means of attracting institutional investment. Further extension of the initiative will serve to increase investment attractiveness and is something that stakeholders felt is necessary going forward.

Creation of New Funds

Even though the worst of the recession is thought to be over, there is a burgeoning debt legacy. In excess of £57 billion of the UK's total property debt is currently in breach or default, making investing in the residential market a challenging prospect. According to a graph from De Montfort University, the UK Real Estate market has £120.7 billion of loans which are due to mature by 2012 (see table to right).[5] This debt needs to be restructured or repaid over the next four years, which puts increasing pressure on lending in an already unstable market, making it increasingly difficult for institutions to access finance.

As a solution, there has been a recent push towards small scale fund creation. Participants at the Forum agreed that more innovative funds are required, which could attract further institutional investors.

Maturity profile of UK real estate (debt years 2009 – 2012)

	YEAR END 2008 Value of loans due to mature £bn	YEAR END 2009 Value of loans due to mature £bn
2009	43.8	-
2010	32.6	52.6
2011	31.5	34.7
2012	26.2	33.4
Total	90.3	120.7

Source: De Montfort University (2010), Maturity profile of UK real estate (debt years 2009-2012).

New Public Sector Investment Models for Social Housing

Budget cuts at the HCA and housing associations will leave the social housing development sector with a huge investment gap. This will need to be addressed to ensure that demand continues to be met. In 2009-2010, the HCA programme budget was £5.5 billion. Following initial cuts of £230 million in May 2010, a further reduction of £220 million was made to the HCA budget in July 2010.[6]

One initiative that could be worthy of further exploration is the sale of Housing Associations to institutions, such as pension funds. The move would raise finance, which could be reinvested in new and existing social housing stock. In addition, private sector involvement could also drive efficiency savings within Housing Associations, with the resulting surplus funds being used to plug the investment gap created by public sector funding cuts.

The future of social housing sector funding is by no means bleak. There will be some public funding available even after the upcoming cuts, although this will be more for shared ownership than social rented housing, but these new investment models need to be both innovative and pragmatic.

Workforce Housing in Lincoln Park, Rockville, Maryland

Lincoln Terrace, an obsolete 65 unit public housing complex in Lincoln Park, was identified by local neighbourhood activists as a potential redevelopment site which could be used to solve the local affordable housing shortage problem.

In August 2003, Urban Atlantic acquired the development rights to Lincoln Terrace from Rockville Housing Enterprises (RHE) and the U.S. Department of Housing and Urban Development (HUD), and began work on demolition and redevelopment. "Legacy at Lincoln Park," completed in May 2008, consists of a public park and 53 townhouses, from low income to market value housing.

The "Legacy at Lincoln Park's" financial feasibility was achieved through the creative use of the land as collateral for the predevelopment and construction loans. RHE uses the market value of the land to demonstrate equity and collateral to the lender, subordinating its interest to the predevelopment and construction loans. In this way, no additional private equity was required for the deal. This example shows how an innovative finance mechanism can result in the development of much desired affordable housing.

[2] Huxley, J (2009): Value Capture Finance: Making Urban Development Pay Its Way, Urban Land Institute

[3] Scottish Enterprise Edinburgh and Lothian (2010): Inquiry into methods of funding capital investment projects, Scottish Enterprise Edinburgh and Lothian, http://www.scottish.parliament.uk/s3/committees/finance/inquiries/capInvest/c_invest-ScottishentEdinburghLothian-RF.pdf, 5th July 2010

[4] Edinburgh Evening News (2010): £84 million to refloat waterfront, Edinburgh Evening News, http://edinburghnews.scotsman.com/edinburgh/84m-to-refloat-waterfront.6083410.jp, 22nd June 2010

[5] De Montfort University (2010), Maturity profile of UK real estate (debt years 2009 – 2012)

[6] Regeneration and Renewal (2010): DCLG announces extra £220m HCA cuts http://www.regen.net/bulletins/Regen-Daily-Bulletin/News/1014484/DCLG-announces-extra-220m-HCA-cuts/?DCMP=EMC-Regen%20Daily%20Bulletin, 7th July 2010

3. Creating Innovative Structures and Investment Vehicles

To complement new finance mechanisms, participants and speakers described a number of innovative structures and vehicles which could facilitate investment and drive forward housing delivery.

Enhanced Public/Private Partnerships

The Housing Finance Forum stimulated much debate about maximising opportunities for public/private sector partnerships, with a particular focus on developing publicly-owned land.

The Public Land Initiative was described as one of the most effective means of promoting effective collaboration between the public and private sector in relation to public land.

Case study: The Public Land Initiative

Appointed members of the HCA's Delivery Partner Panel (DPP) will be given the opportunity to work on the national housing and regeneration agency's projects, including the Public Land Initiative (PLI), which was announced as part of the government's Housing Pledge in June 2009. The PLI aims to bring forward the development of publicly owned housing sites by utilising a new innovative approach to procurement and delivery. Under the PLI, rather than land being sold outright to developers, public land owners will make their land available on a 'deferred payment' basis.

The publicly-owned land will be disposed of through an agreement based on a joint venture model, that will take account of the value of the land invested, shared risk and returns, and available grants for the provision of social housing. The completed homes could then be transferred to a Registered Social Landlord (RSL), to Private Rental Sector Initiative (PRSI) partners, or sold on the open market to individuals.

Overall, the framework will make significant procurement related cost savings to both the public and private sector, thus maximising the opportunity for public-private co-investment, with no further procurement steps required.

Increased Number of Joint Ventures

Joint ventures could be used to attract new entrants and capital to the residential development market.

In the current market, larger developers have generally found ways to work through financial difficulties by selling large portions of their book and improving their cash flow position, thus making them more attractive lending prospects to banks and other institutions. However, smaller developers are still finding it difficult to access finance as they are generally not in such a strong financial position.

Forum participants suggested that joint ventures enable smaller developers to access finance more easily and also encourages best practice sharing in order to create more market suitable developments. In addition, it was suggested that current joint ventures can be more attractive to institutional investors as it reduces risk.

Special Purpose Investment and Advisory Vehicles

In response to taxation laws such as SDLT and CGT, institutional investment could be encouraged through special purpose tax efficient vehicles similar to those operating in the commercial investment sector. Examples of these are:

- Real Estate Investment Trust (REIT): A REIT is a property investment vehicle that benefits from certain tax advantages. A REIT is, by definition, a company that's listed on a regulated investment exchange such as the London Stock Exchange and which owns income-producing property.
- Delivery Partner Panel (DPP): Created in January 2010, a Northern, Central and Southern DPP will have the responsibility for securing sales of completed homes either themselves or by working with partner organisations.
- Creative Partner Panel (CPP): A proposed new panel to provide expert technical advice and support from the private sector to DPPs to improve efficiency and encourage innovation.

Case study: Real Estate Investment Trust (REIT)

REITs were first launched in the UK on 1 January 2007 as a way of making it easier for investors to invest in UK commercial property, such as offices, high street shopping centres and out-of-town retail parks.

In the residential sector, REITs are potentially an ideal option for investors requiring liquidity and a risk/return profile somewhere between corporate bonds and equities. When the UK REIT system was implemented in the commercial sector, there was a subsequent dramatic threefold increase in overseas investment. It is anticipated that the successful application of Residential REITs could have a similar impact on institutional investment in the residential market. Listed residential REIT's will be attractive to UK and overseas pension funds, as they combine liquidity with tax transparency and long term predictable income streams.

However, at the Housing Finance Forum, one presenter highlighted that the existing REIT legislation does not fit the residential investment model. He outlined several key areas which require attention if the Residential REIT model is to be successfully used to attract increased institutional investment.

- *Financial issues: Lower yields, higher management costs, trading needed to deliver total return and SDLT.*
- *Legislative issues: Investment versus trading distinction, 90% distribution, lack of capital allowances, interest cover test.*
- *Other issues: Difficult to assemble a large portfolio, a lack of property management capabilities, institutional nervousness.*

The residential REIT has all the qualities required to attract increased institutional investment in the residential rental market, however, Forum participants felt that amendments to legislation need to be made to make the system work.

Case study: The Delivery Partner Panel Framework

The Delivery Partner Panel (DPP) framework, aimed at streamlining development on publicly-owned land, was established in January 2010 and will run until 3 January 2013. The Panels will be split into three regional clusters - Northern, Central and Southern – with 18 members in the Central panel and 17 members in each of the Northern and Southern Panels. Panel members will cover the full range of development activity including, but not limited to, the raising and/or deployment of development/construction finance, the design and construction of residential and other buildings (including infrastructure), and the sales/lettings and marketing of properties. Panel members will be responsible for securing sales of completed homes either themselves or by working with partner organisations.

Ariel view of harbour housing

Case study: Creative Partner Panel

It is proposed that a new Creative Partner Panel will operate alongside the Delivery Partner Panel. It is anticipated that by having private sector developer and contractor expertise available at early and critical stages of new projects, value can be added to specific projects. For example, value is added through involving those firms that have experience in mixed use development as well as more specialist areas, such as in bringing historic listed buildings back into beneficial use or in specialist elderly or high dependency accommodation.

4. Maintaining the Momentum of Current Activities

As well as discussing new delivery approaches, Forum participations expressed the need to continue with a number of important activities already underway; in particular the retrofitting of social housing stock.

Retrofitting Of Existing Social Housing Stock

Levels of social housing activity can be maintained in this lower grant regime by some key stakeholders readjusting their activities to take advantage of available funding linked to the Green agenda. The Government is currently committed to a number of targets aimed at reducing CO2 emissions:

- Reducing greenhouse gas emissions by 12.5% from 1990 levels by 2008-2012, as part of the Kyoto Protocol.[7]
- Reducing emissions of CO2 by 20% and 60% from 1990 levels by 2010 and 2050 respectively, as part of Government policy.[8]

Pressure to ensure that these CO2 reduction targets are met has opened up potential opportunities to social housing providers and the fact that 70% of today's housing will be around in 2050 has meant that the encouragement to retrofit social housing has been intense.

In pursuit of reducing CO2 levels from housing, the government established the Carbon Emissions Reduction Target (CERT) in April 2008. CERT is a legal obligation on the six largest energy suppliers to achieve reductions in carbon dioxide emissions from domestic buildings in Great Britain.[9]

Local Authorities and Registered Social Landlords (RSLs) can take advantage of the CERT obligation to draw funds from energy companies to improve the energy performance of their housing stock. Therefore, an increased focus on retrofitting properties by Local Authorities and RSLs could form part of their wider strategy to improve social housing stock during a period of reduced funding accessibility. Measures likely to be funded by energy suppliers, particularly when focused on low-income households, include insulation improvements, some micro-generation installations and efficient light bulbs and appliances.

[7] Energy Saving Trust (2010): Carbon cuts get serious with CERT, http://www.energysavingtrust.org.uk/Easy-ways-to-stop-wasting-energy/Energy-saving-grants-and-offers/Carbon-cuts-get-serious-with-CERT, 19th June 2010

[8] Energy Saving Trust (2010): Carbon cuts get serious with CERT, http://www.energysavingtrust.org.uk/Easy-ways-to-stop-wasting-energy/Energy-saving-grants-and-offers/Carbon-cuts-get-serious-with-CERT, 19th June 2010

[9] Energy Saving Trust (2010): Carbon cuts get serious with CERT, http://www.energysavingtrust.org.uk/Easy-ways-to-stop-wasting-energy/Energy-saving-grants-and-offers/Carbon-cuts-get-serious-with-CERT, 19th June 2010

5. Ten Recommendations for Housing Investment in the UK

The Housing Finance Forum provided a platform where the current issues surrounding the problem of inadequate residential housing delivery were openly discussed and stakeholders talked freely about potential solutions.

These discussions resulted in the emergence of ten key recommendations. These are by no means prescriptive and there is no suggestion from stakeholders that implementing these will solve the crisis. However, there is a definite collective agreement that these are the key areas for further discussion and research.

i.	**The implications of SDLT on residential investment need to be analysed**
ii.	**The implications of Capital Gains Tax on residential investment need to be analysed**
iii.	**Institutional investment needs to be encouraged in both the social housing and high-quality rental markets**
iv.	**The legal implications of Residential REITs need to be analysed**
v.	**The Private rented sector has a key role to play in the wider economy. It provides flexibility and it is important that a suitable PRS stock exists**
vi.	**The release and use of Public land will play a critical role moving forward**
vii.	**Greater clarity is required to emphasise the size of the PRS market and its investment potential**
viii.	**New innovative investment models need to be created**
ix.	**Retrofitting of existing housing stock is a potentially lucrative market**
x.	**Intelligent partnership working is key**

6. Conclusions

The "new market" that has emerged after the recession is a difficult environment in which to operate. Before the recession, finance was concentrated among a small number of Scottish and Irish banks which disproportionately suffered from the credit crunch. This had a huge impact on the UK housing market as these lenders retreated to their home markets and scaled back lending. This has made the delivery of adequate housing supply increasingly difficult.

But the signs are not all bad. Post-recession, house price indices have all shown material rises, with the Nationwide showing a 10.5% year on year increase – 12% above the trough in early 2009. However, prices are still 9.8% below its peak in October 2008, and remain sensitive to local conditions. It should be noted that transactions remain thin, supply is constrained and there has been a bias in price increases to London and the South East.

Even with negative indications in some areas, residential investment has continued to outperform almost all asset classes and there remains strong institutional demand for long term secure income streams. The overarching issue of inadequate housing supply can be solved if the right steps are taken by key stakeholders in the short to medium-term.

Ariel view of housing estate

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3 June 2010
Birmingham, UK

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Urban Land Institute

About the Urban Land Institute

ULI is a global, non-profit organization dedicated to providing leadership in the creation of sustainable and thriving cities worldwide. Established in 1936, ULI has over 35,000 members in 92 countries and offices in Washington DC, London, Abu Dhabi and Hong Kong.

ULI members come from both the public and private sectors and include developers, owners, investors, advisors, policy makers and academics. The Institute's research, publications and events are interdisciplinary and practical. At the heart of the ULI experience is the open exchange of ideas and best practice. The ULI Europe office was opened in 2004 in London and is committed to bringing timely and informative programmes to all segments of the property community in Europe.

www.uli.org

About the ULI Urban Investment Network

The ULI Urban Investment Network is an independent European network designed to promote and facilitate world class investment in urban development. The initiative has being developed by the Urban Land Institute in collaboration with a group of leading cities, European Institutions and private sector organisations.

The Network is working to facilitate a continuous dialogue between public and private sector leaders who are seeking to improve their ability to collaborate. It's premise is that public - private relationships with a high level of collaborative working provide more opportunities to bridge investment gaps and overcome city development challenges. For more information on joining the Network, please contact Sarah Nemecek sarah.nemecek@uli.org

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