

Investing with Homes England



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Foreword by the Secretary of State for International Trade

I am delighted to highlight the work of the Government's housing delivery agency, Homes England. It is a primary gateway into the English housing market and can offer support to investors to help you play your part in building more homes where they are needed.

England does not have enough homes in the right places. This has caused house prices and rents to soar as demand far outstrips supply. In response to this, Government has committed to delivering an average of 300,000 homes a year by the mid-2020s. We are making good progress, with 222,190 net additional dwellings created in 2017-18, the highest level since 2007-08.¹ At the heart of these plans is our intent to provide investors with greater opportunities to partner in housing initiatives that boost the supply of housing and create strong, sustainable places for the future.

International investment already plays an important role in the UK property market. For example, we have seen the strategically important £1.5 billion Smithfield site in Birmingham come forward with Australian investor Lendlease to provide over 2,000 homes alongside retail and leisure offers. In Salford, the £1 billion Middlewood Locks project, developed by a joint venture of Scarborough International Properties, Metro Holdings of Singapore and Hualing Group of China, will deliver 2,215 new homes and circa 7,000 job opportunities. Both of these projects and their investors were supported by my Department. Indeed, in 2017 there were almost 1,000 greenfield investment

projects announced for the UK valued at over US\$33 billion in total, of which real estate was the joint fourth-largest sector after IT, business and financial services.²

This brochure sets out how Homes England can support investors to continue to build on these successes. This includes the ability to unlock public and private land for development, provide expert assistance for developments in priority locations and create ambitious private-public investment partnerships, such as the £1 billion Housing Delivery Fund with Barclays and the Housing Growth Partnership with Lloyds Bank.

The UK Government is committed to supporting Homes England to deliver its ambitious agenda. Over £27 billion will be made available to the agency over the next few years to support transformational change in the housing market, increasing the number of homes delivered and improving the technology that delivers them.

Together, I am confident that Government and investors will create a more effective housing market to match the needs of the public and support wider economic prosperity for all.



**The Rt Hon Dr
Liam Fox MP**

Secretary of State
for International Trade and
President of the Board of Trade

¹ MHCLG, Housing supply; net additional dwellings, England: 2017-18

² University of Sussex UK Trade Policy Observatory Briefing Paper 23

DIT's Capital Investment Team

The Department for International Trade helps businesses export, drives investment, opens up markets and champions free trade.

As an international economic department, our role is to:

- Enable and support firms to seize the opportunities of trade and international investment to establish a culture of exporting in the UK
- Ensure the UK is recognised as the best place to invest and to attract, retain and grow international investment that strengthens the economy, supported by the UK's Industrial Strategy
- Open markets, building a trade framework with new and existing partners which is free and fair
- Use trade and investment to underpin the Government's agenda for a Global Britain and its ambitions for prosperity, stability and security worldwide

The UK is a leading global destination, and No.1 in Europe,³ for attracting foreign direct investment. DIT's Capital Investment team promotes investment into energy, infrastructure, property and high growth firms. We have a strong

track record, having attracted billions of pounds of foreign investment into major projects.

DIT's Capital Investment team acts as a one stop shop to align investors with a credible project pipeline, helping them understand the associated returns. We work closely with a range of UK based commercial and governmental organisations to understand their capital raising priorities and ensure their offer is investable.

We also support international investors in identifying suitable opportunities and help navigate their investment journey. We realise the value Government can add to the investment process, using our global network of international offices to manage relationships with investors, large corporates, high net worth individuals and families, private sector agents and other governments.

We work in the fields of:

- 1 Large capital projects in property development, regeneration, energy and infrastructure
- 2 Attracting growth capital from venture capital and private wealth investors into high growth potential businesses, for example in technology sectors

We are able to offer expert guidance, utilising a range of specialists in property development and finance, project finance, energy, transport, regulated assets and venture capital.

For further details or to arrange a meeting to discuss potential opportunities, please email: capitalinvestment@trade.gov.uk



³ Power Up: UK Inward Investment Report, Deloitte, 2019

Welcome to the Opportunity

A home for your investment

The UK is the fifth largest economy in the world.⁴ It is a stable, mature market in which to invest. A market which:

- attracts more foreign investment than any other European country⁵
- is one of the easiest European countries to do business with, according to the World Bank⁶
- has a stable and transparent political, legal and regulatory environment
- fair and open public procurement procedures
- innovative approach to reducing regulatory burdens
- a well-educated workforce with a globally competitive higher education system which includes four of the world's top ten universities

The UK's population and GDP continue to grow. The economic fundamentals underpinning the housing and development markets remain strong.

This is reflected in recent statistics which show the value of construction work underway in Great Britain is at the highest level on record; as is construction-related employment.⁷

The housing market

England's housing market faces a number of challenges, not least in terms of housing affordability. An average home now costs almost 8 times average earnings, whilst in the south-east the ratio has reached 10.3.⁸ It is widely recognised that more homes need to be built in England, to buy and to rent, to tackle these affordability challenges.

There is no shortage of opportunities

- only around 11% of England is developed⁹ and only a fraction of developable land would be needed to increase supply significantly. There is a significant stock of brownfield and government-owned land, including a large portfolio being brought to market by Homes England.

There is pent-up demand for housing - 2013 marked the lowest number of household completions in the UK since 1946,¹⁰ and although this number has been increasing year on year since

then, the UK still needs to build 25% more houses than it achieved in 2017/18 figures to reach Government targets.¹¹

This creates an exciting opportunity for new entrants to the housing market.

An ambitious government

Housing is a top domestic priority. Government's ambition is to boost total annual housing supply in England, including new builds, from just under 220,000 homes in 2016/17 to 300,000 homes per year by the mid-2020s.¹² To make this happen, Government has:

- launched Homes England in 2018, the Government's agency to accelerate housing delivery

- implemented a £27 billion programme of housing market investment through Homes England
- published a comprehensive housing policy paper in 2017

England has a clear and stable policy framework and a political consensus on the need to increase the supply of new homes. New entrants to the market will be able to access a range of housing investment opportunities.

Want to find out more about the opportunity? Email: enquiries@homesengland.gov.uk



⁴ Department for International Trade (2018) [Bring your business to the UK](#)

⁵ Ibid.

⁶ The World Bank (2018) [Rankings and Ease of Doing Business Score](#)

⁷ Office for National Statistics (2018) [Construction Statistics: Number 19, 2018](#)

⁸ Office for National Statistics (2018) [House price to workplace-based earnings ratio](#)

⁹ UK National Ecosystem Assessment (2014) [Synthesis of the key findings](#)

¹⁰ House of Commons Library (2018) [Tackling the under-supply of housing in England](#)

¹¹ Ministry of Housing, Communities and Local Government (2018) [Housing supply; net additional dwellings, England: 2017-18](#)

¹² HM Treasury (2017) [Budget 2017: Building the homes the country needs](#)



Homes England

Homes England (formerly the Homes and Communities Agency) is the Government's housing accelerator. The agency has the appetite, influence, expertise and resources to drive positive market change. By releasing more land to developers who want to make a difference and investing in infrastructure, it's making possible the new homes the country needs, helping to improve neighbourhoods and grow communities.

Homes England works in collaboration with domestic and international partners who share an ambition to create great places. These include private developers, investors, housing associations, infrastructure providers and local authorities.

Homes England: your strategic partner

By partnering with Homes England, you will gain access to new ways of working, multi-disciplinary skills and the ability to facilitate ambitious projects with a variety of stakeholders. The agency has expertise from a wide range of public and private backgrounds, including land buyers, bankers, investors and developers, who can deliver projects at pace.

It welcomes partners who share its ambition to develop innovative solutions and build better homes faster.

Want to find out more about Homes England?

Email: enquiries@homesengland.gov.uk

About Homes England¹³

- **750** full-time employees – with plans to double in size over the next 18 months
- A **national agency**, with offices across England
- Within the next few years, it will have invested **£27 billion** in its programmes

Homes England's Objectives¹⁴



To unlock public and private land where the market will not, to get more homes built where they are needed



To ensure a range of investment products are available to support housebuilding and infrastructure, including more affordable housing and homes for rent, where the market is not acting



To improve construction productivity



To create a more resilient and competitive market by supporting smaller builders and new entrants, and by promoting better design and higher quality homes



To offer expert support for priority locations, helping to create and to deliver more ambitious plans to get more homes built



To effectively deliver home ownership products, providing an industry standard service to consumers

Investing with Partners

Homes England is uniquely placed to deploy public money through a series of government funds as a cornerstone investor in housing and infrastructure.

Co-investment opportunities

Homes England is currently co-investing in funds, creating joint ventures and providing debt and grant funding. The agency is continuously exploring innovative ways to partner with the private sector and welcomes new and flexible approaches to structuring partnerships.

As a co-investment partner, Homes England offers access to projects of scale, in-house market expertise, a stable long-term delivery focus and flexibility around funding. Homes England also brings a network of active partners with interests from across the housing market.

£1 billion Housing Delivery Fund with Barclays Bank

Supporting small and medium construction firms is vital if housebuilding targets are to be achieved. Where there is ambition to build, Homes England is ready to offer support.

Working in alliance, Homes England and Barclays Bank have created a new £1 billion Housing Delivery Fund. By offering £125 million to support the fund, Homes England has facilitated an

£875 million investment from Barclays Bank and created a significant new funding option for SME developers.¹⁵

The fund offers loans between £5 million and £100 million, primarily to support small and medium developers to bring forward challenging sites with high potential. This capital support will galvanise housing delivery, including social housing, retirement living and apartments for rent, and strengthen the development sector by supporting smaller developers.

This funding partnership is an example of how Homes England is working with industry to support the delivery of thousands of new homes across England, drive competition in the lending market and support a new generation of SME builders.

10 year joint venture with Kier

Homes England is continually looking for new and innovative ways to partner with the private sector; joint ventures will form a key part of this new partnership model.

Homes England has entered into a joint venture with Kier Living, the residential division of the property and construction group, and Cross Key Homes, a housing association. It will deliver up to 5,400 new homes over the

next ten years in areas of the country with the greatest demand. Homes England has taken a 26% equity stake in the joint venture and will provide up to £30 million in mezzanine funding from its £4.5 billion Home Building Fund.

This pioneering collaboration has already begun work on mixed tenure housing projects.

Strategic partnerships with housing associations

Housing associations are England's major providers of new housing for rent, with many also providing housing for private sale and alternative models like shared ownership (part own / part rent).

They provide different investment opportunities compared to traditional housebuilders and developers. Their focus on rented homes means they are uniquely placed within the market for investors who are interested in stable, reliable long-term investment.

To support housing associations, Homes England has pioneered an innovative approach to delivering public funding with housing associations, through its £5 billion grant funding programme.

To date, Homes England has formed 23 strategic partnerships, utilising public funding and expertise to support ambitious housing associations to drive forward the development of new homes. These partnerships provide housing associations with the flexibility to invest funding across their development programmes in response to the needs

of their business and will provide an additional 39,431 new affordable homes starting by 2022.¹⁶

In addition to grants, housing associations secure investment from capital markets, with £4.9 billion raised from bond issues or private placements in 2017/18.¹⁷ Pension funds are a key part of this private sector investment and have increased the size of their investments over the past three years.¹⁸ However, due to increased demand for new housing, associations are increasingly looking for additional forms of financing and to form partnerships with new entrants.

Homes England wants to support housing associations by introducing investors and fostering new relationships.

Want to find out more about co-investment with Homes England? Email: enquiries@homesengland.gov.uk



¹⁵ Homes England (2018) [£1 billion housing delivery fund launched by Brokenshire in partnership with Barclays](#)

¹⁶ GOV.UK [Homes England secures eight more strategic partners to deliver thousands of new homes](#)

¹⁷ Regulator of Social Housing (2018), [2018 Global Accounts of private registered providers](#)

¹⁸ *ibid*

Creating New Opportunities

Building new places

Homes England invests to deliver key site-enabling infrastructure where the private sector is not able to take the risk. Its position in government combined with its local networks and understanding of regional markets allows the agency to identify the places that have the strongest requirements and capability for growth.

By taking this strategic approach to investing government funding, Homes England is able to create new opportunities for investors and developers to enter the residential market.

Homes England's land

Homes England is able to use its land and position in government to reduce risk in large scale housing and infrastructure projects.

The Northern Arc in Burgess Hill was identified as a key strategic site, capable of delivering approximately 3,500 homes in an area of high demand. Within an hour of London and close to key employment hubs in Sussex; Burgess Hill is an area with a substantial need for more housing. However, the site was not being brought forward due to a series of market failures.

There was a lack of market co-ordination, with multiple landowners, promoters and other stakeholders without a unified approach, and significant up-front costs to deliver. Homes England has acquired the land and is now co-ordinating the relationship between the various stakeholders, creating a single vision for the site and removing uncertainty from the planning process.

As owner of the site, Homes England will invest in required infrastructure at the early stages of development, creating ready to invest opportunities for developers and investors to build at pace.

Build to rent

The number of households living in the private rented sector in the UK has doubled in the past 10 years, and it is expected that by the end of 2021 almost 25% of all households will be living in rental housing.¹⁹ This sharp increase in the number of renters has created a strong demand for more housing of this tenure type.

At present there is not enough housing to support demand, which has led to the emergence of "build to rent" as a new asset class. The sector has attracted significant levels of investment in recent years and continues to expand. Since 2015 there has been a 30% annual increase in build to rent homes under construction or in the pipeline.²⁰

Government has committed to support this emerging market, and has already provided £4.5 billion in funding through the Private Rented Sector Housing Guarantee Scheme and the Build to Rent Fund²¹ managed by the Ministry of Housing, Communities and Local Government. The Government has also

recommended that build to rent will be key to diversifying the market and ensuring a wide range of tenure.²²

As an emerging market this is a significant opportunity for new entrants to be at the forefront of England's build to rent revolution.

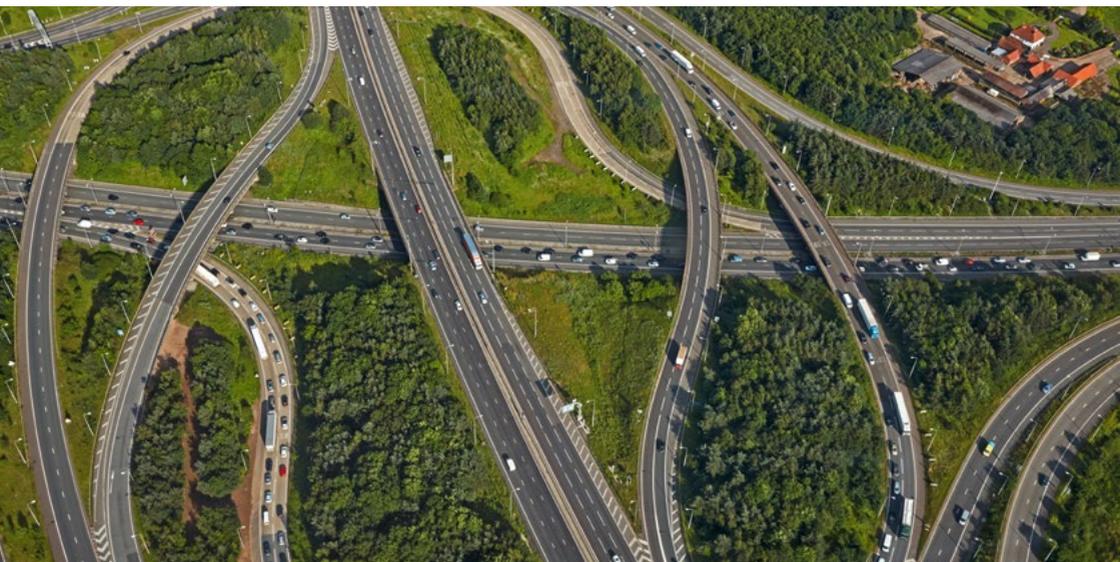
Investing in infrastructure

The ambition to create great new places is supported by a £5.5 billion government capital grant programme through the Housing Infrastructure Fund (HIF).²³ It provides infrastructure funding to open up additional sites or to get existing sites unblocked quickly.

To date, Homes England has invested over £850 million through HIF to unblock projects across the country.²⁴ In addition, the agency has identified a further 45 successful places and regions to bring forward bids for funding, with fund allocations due to be announced shortly.

Government is determined to support the most ambitious areas to realise their potential for growth. Homes England's investment creates a more stable opportunity for the private sector to enter these key areas by de-risking the earliest stages of development.

Want to find out more about Homes England's investment in infrastructure? Email: enquiries@homesengland.gov.uk



¹⁹ Ministry of Housing and Local Government (2008 - 2018) [English Housing Survey](#)

²⁰ BPF with Savills (2018) [Build-to-rent sector grows pipeline of homes for UK renters by 30%](#)

²¹ Department for Communities and Local Government (2017) [Fixing our broken housing market](#)

²² Rt Hon Sir Oliver Letwin MP (2018) [Independent Review of Build Out: Final Report](#)

²³ HM Treasury (2018) [Budget 2018](#)

²⁴ Homes England (2018) [Successful Marginal Viability Fund projects](#)



Supporting Emerging Technology

Breaking new ground in off-site construction

There are significant opportunities to invest in the modernisation of England's housebuilding capacity. Productivity in the country's housebuilding sector has traditionally lagged that of the wider economy. But there's a real drive to change this - creating opportunities for those willing to invest in modernisation and innovation.

Homes constructed off-site can be built up to 30% more quickly than traditional methods and with a potential 25% reduction in costs.²⁵ Government sees off-site construction playing a key role in delivering a step-change in housing output and is working with industry to create opportunities for wider use of off-site methods.

Homes England is supporting the uptake and development of off-site construction through a range of interventions:

- Creating opportunities to demonstrate a range of off-site products on Homes England land
- Encouraging partners to use off-site methods through its provision of development finance to developers

- Working with councils across England to increase the speed of construction and build out on their land

The right time to invest

There is real momentum behind off-site construction in England, and it's not too late to be part of it.

The capacity which is now emerging in England's housing market creates opportunities to deploy off-site methods on schemes where the speed of construction creates quicker return on investment - for example in the fast-growing build to rent market.

And whilst the opening of new factories has boosted manufacturing capacity, developers say it's not yet sufficient.²⁶ There is an opening for a wide range of models and methods all gaining interest. Off-site methods are used with success elsewhere in the world and government wants it to play a larger role in the English market.

Interested in investing in modern methods of construction?

Email: enquiries@homesengland.gov.uk

²⁵ Davies G (2013) Engineering Excellence Journal (Laing O'Rourke) Design for Manufacture and Assembly is helping revolutionise construction, making it faster, cleaner, cheaper and more reliable and Woetzel J, Ram S, Mischke J, Garemo N and Sankhe S (2014) McKinsey Global Institute: [A blueprint for addressing the global affordable housing challenge](#)

²⁶ Hannah, M., and Hunter, N. (2018) NHBC Foundation: [Modern Methods of Construction: Who's doing what?](#)



Unlocking Future Potential

Garden Towns - New communities for the 21st Century

The Government recognises that there is a need to build on a large scale in order to deliver the houses that the country needs. Key to delivering this vision will be the garden town programme.

The creation of new garden towns provides the opportunity to build sustainable communities, with residential housing complimented by leisure, cultural, social and public services. These new mixed-use communities will offer opportunities at scale, ranging in size from under 10,000 to 40,000 homes.

The creation of these vibrant mixed-use communities is an attractive proposition for investors.

There are a number of ways that you can invest, ranging from long-term infrastructure investment to shorter-term development finance. There will also be the opportunity to invest in private rented sector properties, student accommodation where needed and modern methods of construction.

More information can be found in our Garden Communities Investment Opportunities brochure.

Oxford - Cambridge Arc

Homes England is at the heart of government plans to build up to one million new homes by 2050 between the historic cities of Oxford and Cambridge.

Despite being situated between two of England's most successful economic areas the Arc suffers from a lack of infrastructure and housing. This hinders the productivity potential for this 130-mile area, which has the potential to enhance its reputation as a world-renowned location for science, technology and innovation businesses.

For this reason, government is making significant investment in strategic road and rail infrastructure and developing a bold vision to support one of the UK's most economically successful regions.

The Oxford - Cambridge Arc offers investors the opportunity to be part of a decades long project to bring homes, jobs and growth to England's economic heartland. This will take the form of new towns and villages as well as extensions to existing settlements.

Homes England is actively engaging across government, as well as with local stakeholders, developers, land owners and financing partners to deliver new large-scale housing projects in the Arc. More information can be found in our Investment Brochure 'The Cambridge-Milton Keynes-Oxford Corridor'.

Interested in the Oxford - Cambridge Arc?

Email: enquiries@homesengland.gov.uk

A Track Record of Success

Homes England has a track record of delivering innovative large-scale projects across the country.

Greenwich Peninsula, London

At Greenwich Peninsula, one of London's largest regeneration projects, Knight Dragon is creating a thriving new neighbourhood for London that will deliver nearly 16,000 new homes and 13,000 jobs. Homes England has been involved in the project since 1997, prior to Knight Dragon's involvement, injecting £225 million into the regeneration to fund new homes and infrastructure at the **earliest stages**.

In 2016, Homes England revisited the project injecting a further £90 million of commercial loans to fund infrastructure enabling Knight Dragon to accelerate housing on site. By taking a long-term view Homes England can help developers such as Knight Dragon, who can deliver such a unique and challenging **masterplan**.

Middlewood Locks, Manchester

At Middlewood Locks Homes England has forward funded the delivery of infrastructure and accelerated the building of new homes to allow the creation of a £1 billion scheme. Once complete the project will provide 2,000 new homes, 900,000 sq. ft. of commercial space and 7,000 new jobs within 10 minutes of Manchester City Centre, contributing an additional £300 million per annum to Manchester's economy. Located within

one of the UK's fastest growing cities, the site was prime for development, but was overlooked by the private sector due its infrastructure needs.

The scheme is being delivered by a joint venture between UK based company Scarborough International Properties, Metro Holdings of Singapore and Hualing Group of China.

Northstowe, Cambridgeshire

Northstowe, located on the site of the former RAF Oakington barracks just outside of Cambridge, will be the UK's largest new town since Milton Keynes. Work is already underway to deliver the 10,000 homes on site; with phase two of the development delivering 3,500 new homes, including 1,000 town centre apartments. Alongside housing, essential infrastructure work is underway to deliver the transport links necessary to make Northstowe a sustainable town.

Homes England is working collaboratively with partners to build affordable homes in this highly unaffordable area, as well as leisure and community infrastructure including eight new schools, one of which is due to open in September 2019. Homes England was uniquely placed to deliver this ambitious masterplan by being able to work across local and national government, private housebuilders and landowners; creating and fostering relationships with a strategic overview.

Want to find out more about Homes England land acquisition and disposal?

Email: enquiries@homesengland.gov.uk





The UK remains one of the world's most exciting places to live and work - and its real estate continues to be one of the world's most investable propositions. Homes England are creating a more resilient and competitive UK market through intervention and investment, innovative working and promoting better design and higher quality homes.

“We are working in partnership with investors, developers, new entrants and the wider housing market at home and abroad to help them realise their ambitions in the UK housing market. This brochure is our invitation to you to find out more about how we can help you achieve those ambitions”.

Nick Walkley, CEO of Homes England

5 Reasons to Invest in Homes England

1. Homes England can introduce you to the residential market
2. Homes England can partner with you to unlock opportunities
3. Homes England can co-invest in funds and infrastructure
4. Homes England can sell you land
5. Homes England can show you the best places in England to match your capital requirements





Department for
International Trade



Homes
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DIT

The Department for International Trade (DIT) helps businesses export, drives inward and outward investment, negotiates market access and trade deals, and champions free trade.

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