

Kier-Kent Initiative

Date: 26th March 2013



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Dennis Seal



Today's Presentation

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|----------------------------------|---|--------------|
| 1. Kent In Context | - | Brian Horton |
| 2. Kier Kent Initiative | - | Dennis Seal |
| 3. Kier Offsite Housing Delivery | - | Dennis Seal |



'A New Model for Delivering New Homes'



Context – Opportunities and Threats?

- Treble DIP!
- New Homes Bonus
- Public Land
- Joint Ventures
- Institutional Investment
- Prudential Borrowing
- CSR – March 2015
- Loan Guarantees
- Affordable Rent
- Welfare Reform
- Credit Rating
- CIL
- S.106
- HRA Reform
- Lenders
- Budget



One way.... But not the Kier & Kent way!



— 21st Century Kent —
— Unlocking Kent's Potential —



Better Homes:

localism, aspiration and choice

2012 - 2015

A Housing Strategy for Kent and Medway



"Kent.. Ahead of the Game"



Sir Bob Kerslake
PS CLG
Head of Civil Service



The Strategy aims to

**Reflect as well
as influence
Government
Priorities**

**Make a
Case for
Government
Investment**

**Be Fit
for
Purpose**

**Celebrate
Examples of
Best Practice**

**Be an inclusive
process that
builds on
existing
Strategies**

**Promote
Innovation**

**Add value and
contribute to
delivery of local
ambitions**

Benefits?



Have worked with HCA to maximise investment and delivery through the

Affordable Rent Framework, with signed
contracts for **3,969** new homes in Kent,

a significant proportion of the South East allocation and double Essex.

Largest allocation nationally o/s of London.



Kent Housing Group
'The Voice of Housing in Kent'



Kent Housing Group

- Affordable Rent Framework = **£62m** of government funding in Kent
- **3,969 homes**
- Total **housing investment of £617m**
- Generating **additional activity in the supply chain of £1,604m**
- So government funding of only **£62m**, has the capacity to generate **3,969 homes, 7,400 jobs** and **£2.2bn of economic activity in Kent**



Montague Report

- Sir Adrian Montague's report "Review of the barriers to institutional investment in private rented homes" provided a series of recommendations to develop a viable and sustainable private rented sector (PRS)
- Demand for rental accommodation continues to grow as affordability constraints and lack of mortgage finance keeps traditional home ownership out of reach for many
- In the third of five recommendations, the Montague report concluded that the Government should provide carefully targeted incentives to stimulate the rapid development of new business models, from a range of promoters - public sector landowners, registered providers, or private sector house builders. The Government launched its £10 billion Housing Guarantee scheme in response to this



Kier Kent Initiative



Leader of Kent County Council

Leader of Kent County Council, Paul Carter, said: "This is just the kind of deal that needs to be cracked to get Britain building. Through an innovative land transfer, 152 new homes will now be built for local people, and local jobs and apprenticeships will be created.

"By harnessing its assets effectively, the council will also benefit from a long-term income stream which can be reinvested in local services. With many developments currently stalled across the country, this is a groundbreaking scheme for Kent which gets local people working and local housing moving. I have no doubt the approach will be replicated around the country."



Chief Executive Officer Of Kier

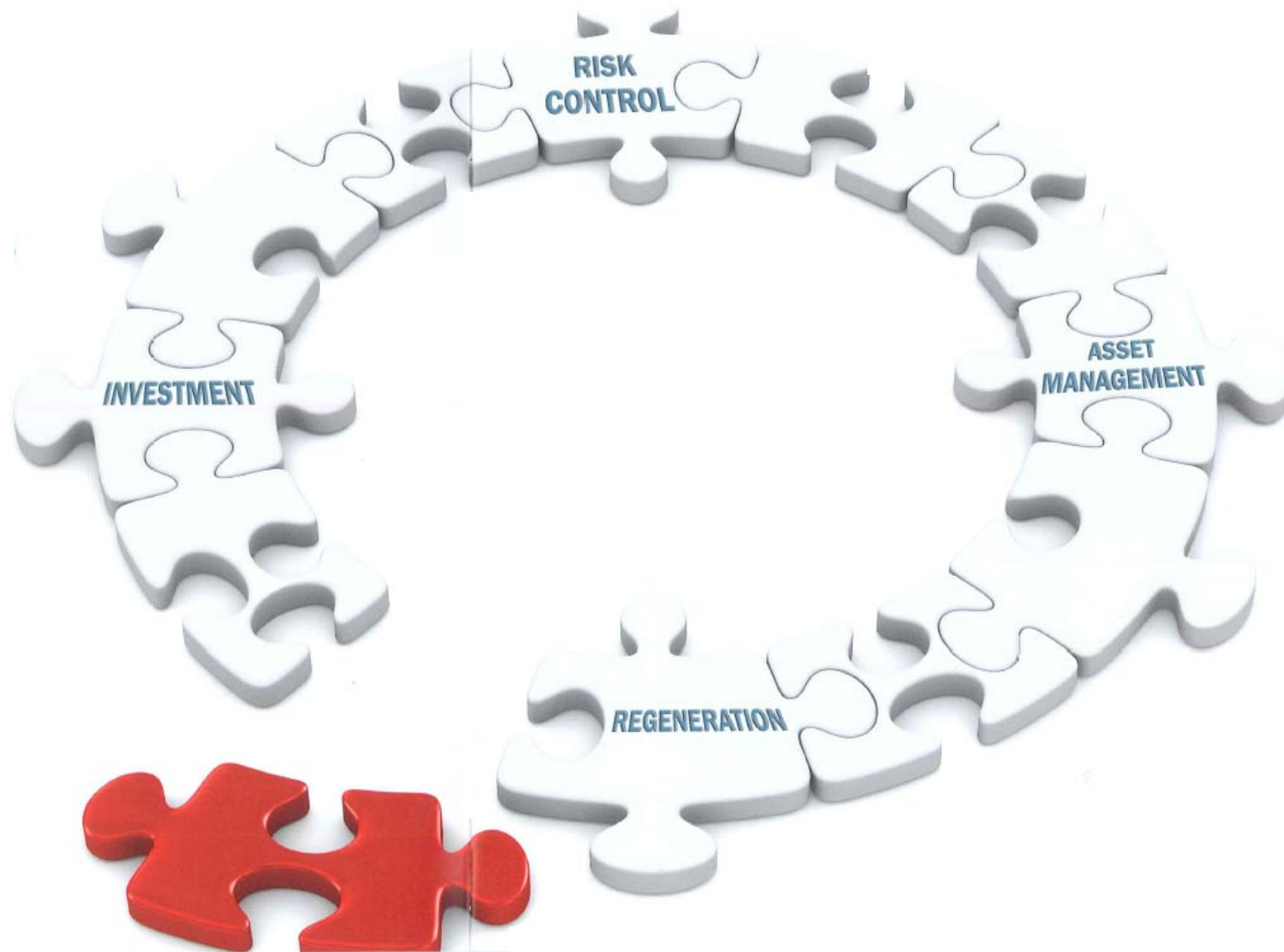
Paul Sheffield Kier CEO, said:

“This new development and approach to housing provision will significantly improve the housing supply in Kent whilst guaranteeing an attractive return for the investor.”

“The Kier team has brokered a highly innovative development that is being watched closely by other local authorities and registered providers. We see this offer as creating a modest scale solution to meeting housing need and we are keen to roll this out with other public and private sector clients.”



The Vision



Total integrated solutions

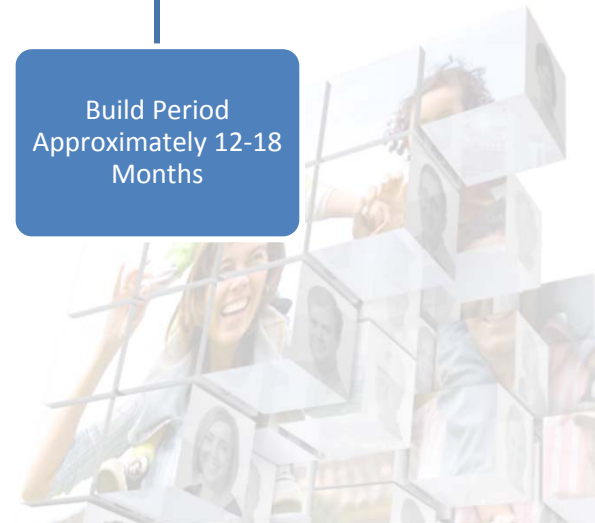
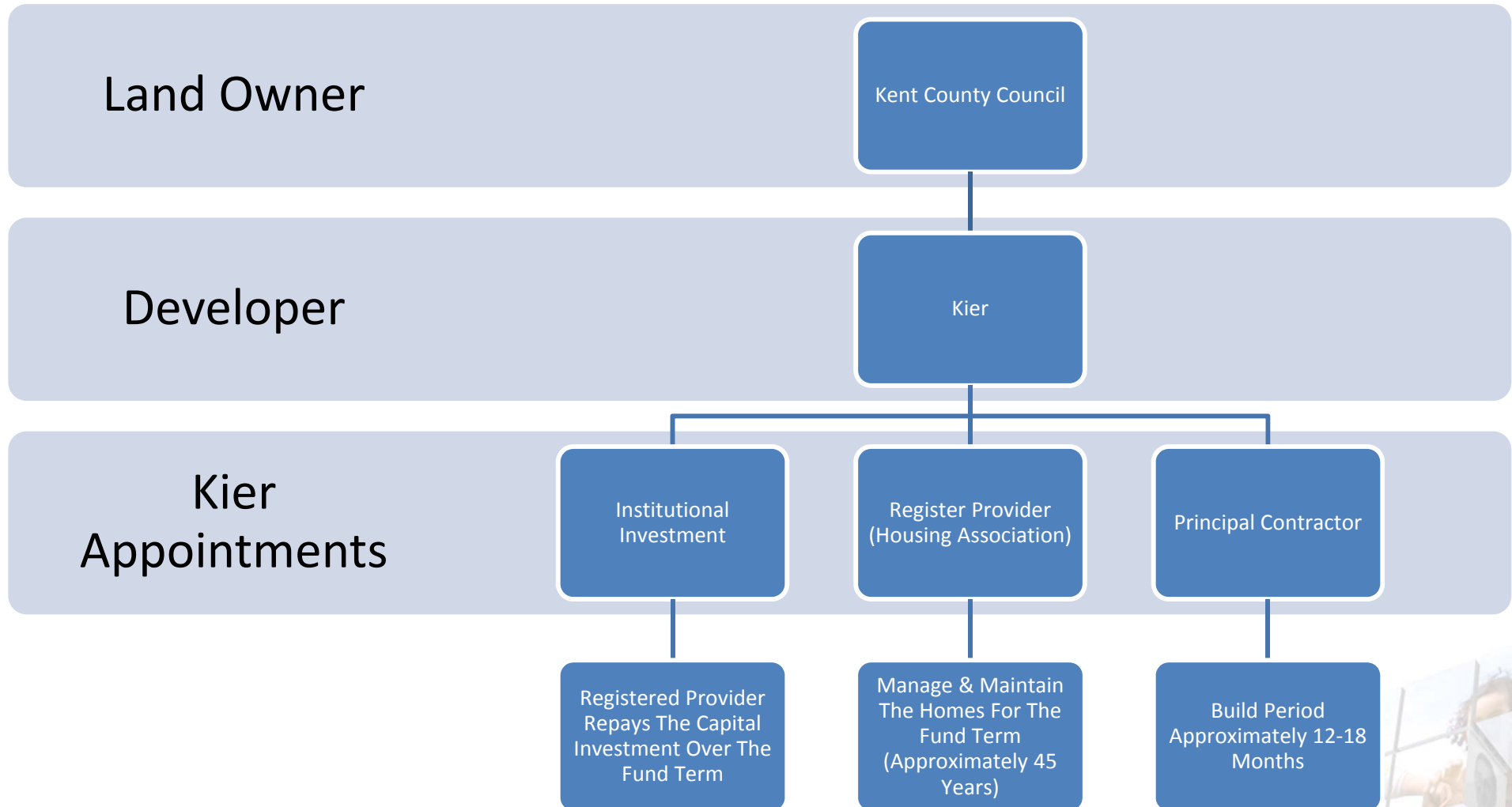


What is the Kier-Kent Initiative?

- Land Led Deal
- Land Currently Owned By Kent County Council
- Transfer of Freehold and Leasehold Land
- Three Sites In Kent
- Phase 1 - 152 New Houses
- Phase 2 – Potential Rolling Programme Of Sites



The Kier-Kent Initiative Structure



Kent County Council – Best Value

Their “Best Value” Is Achieved Through The Creation Of The Following

- An Upfront Capital Land Payment
- An Annual Income During The Fund Term Linked To Any Higher Rents Charged On A Proportion Of The Homes
- New Affordable Homes Numbers Built To Be Higher Than Local Planning Policy
- Local Employment Stimulated
- New Homes Bonus Money
- A Retained Interest In Partial Land/Property Reversion
- Creation Of Apprenticeships



The Kier-Kent Initiative Sites



Site 1

22 Houses

- 9 – 2 Bed Houses
- 11 – 3 Bed Houses
- 2 – 4 Bed Houses



Site 2

75 Houses

- 35 – 2 Bed Houses
- 31 – 3 Bed Houses
- 9 – 4 Bed Houses



The Kier-Kent Initiative Sites



Site 3

25 Houses
30 Bungalows

3 – 2 Bed Houses
12 – 3 Bed Houses
10 – 4 Bed Houses

30 - 2 Bed Bungalows



Press Releases

- A groundbreaking land deal between Kier Property and Kent County Council, work is to be started on over 150 new homes across the county offering a mix of market sale, market rent and affordable rent housing, creating new jobs and helping to ease the south-east's chronic housing shortage.
- Bringing together international pension fund investment and a local housing provider with an innovative developer and the county council, the Kier-Kent deal is one of the first of its kind in the country to get off the drawing board providing a national template for others to follow.
- The Government's housing strategy, 'Laying the Foundations', estimated that 232,000 new homes need to be built every year for the next 20 years and schemes such as the Kier-Kent initiative could offer a potential solution to help meet the demand for new homes.
- The development will also attract significant investment in the local area, creating new employment opportunities and apprentice places. Kier is committed to ensuring that project funding is recycled within the local community with at least 66% of funding to be spent on SMEs within 30 miles of the site. Clients benefit from the consistency, quality and value for money offered by a major contractor combined with local delivery teams.



Kier & Build Offsite



What do Kier want?

- Less On Site Time Working
- Less Wet Trades On Site
- Guaranteed Level Of Quality/Durability
- Competitive Costs
- High Levels Of Sustainability
- The Use Of In House Apprenticeships
- Build Quicker



What do our Investors want?

- Guaranteed Delivery
- Speed Of Delivery
- Third Party Accreditations – NHBC/Zurich/BBA
- High Quality Specification & Finish
- Long Term Durability & Low Maintenance
- Sustainable Development, Minimum Code 4



Other things to think about

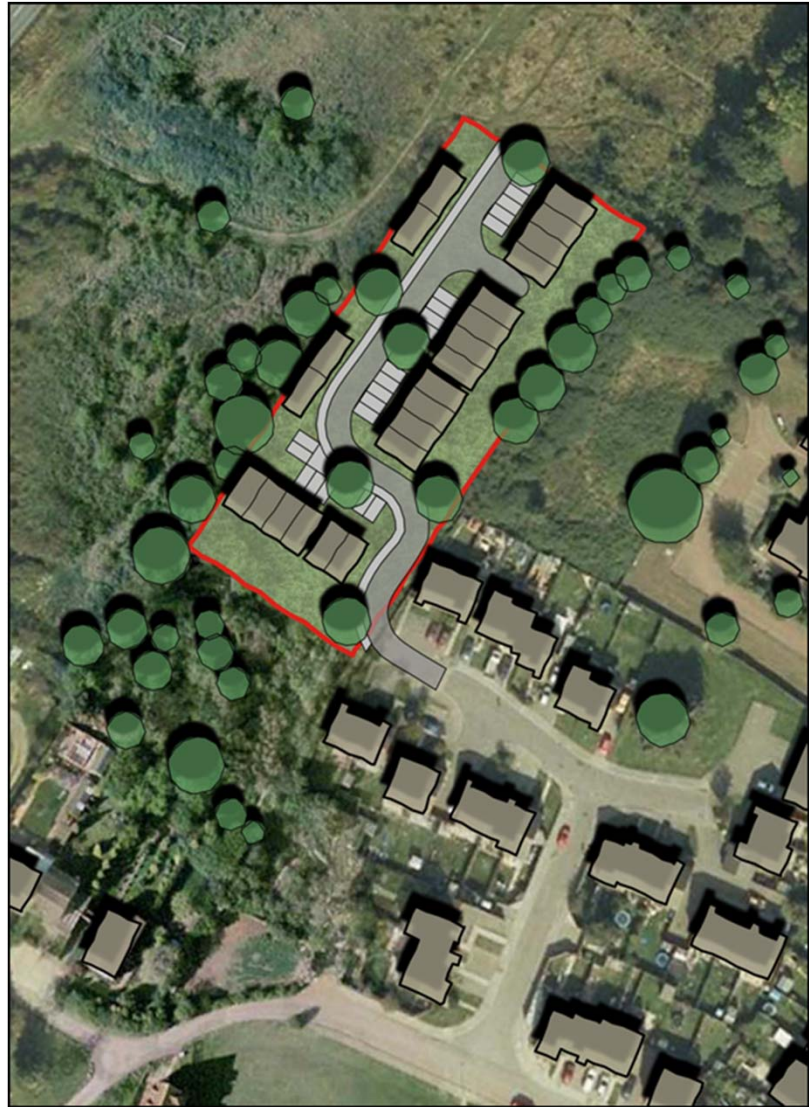
- The Use Of BIM
- BOPAS (The Build Offsite Property Assurance Scheme)
- The Impact On The Surrounding Environment
- Being Sensitive To Adjacent/Local Neighbours
- Considerate Contractors
- Other



How can Build Offsite be a part of the Kier-Kent Initiative?

- 22 Houses
- Swale Area
- 2,3,4 Bed Houses
- Potential Additional Phase
(Circa 12 Additional Houses)
- Expression Of Interest

Flyer Handout



Questions?

