



Department for
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Local Government

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Expanding the Rented Sector

Mark Hitchen
Head of Expanding the Rented Sector Programme,
Department for Communities and Local Government

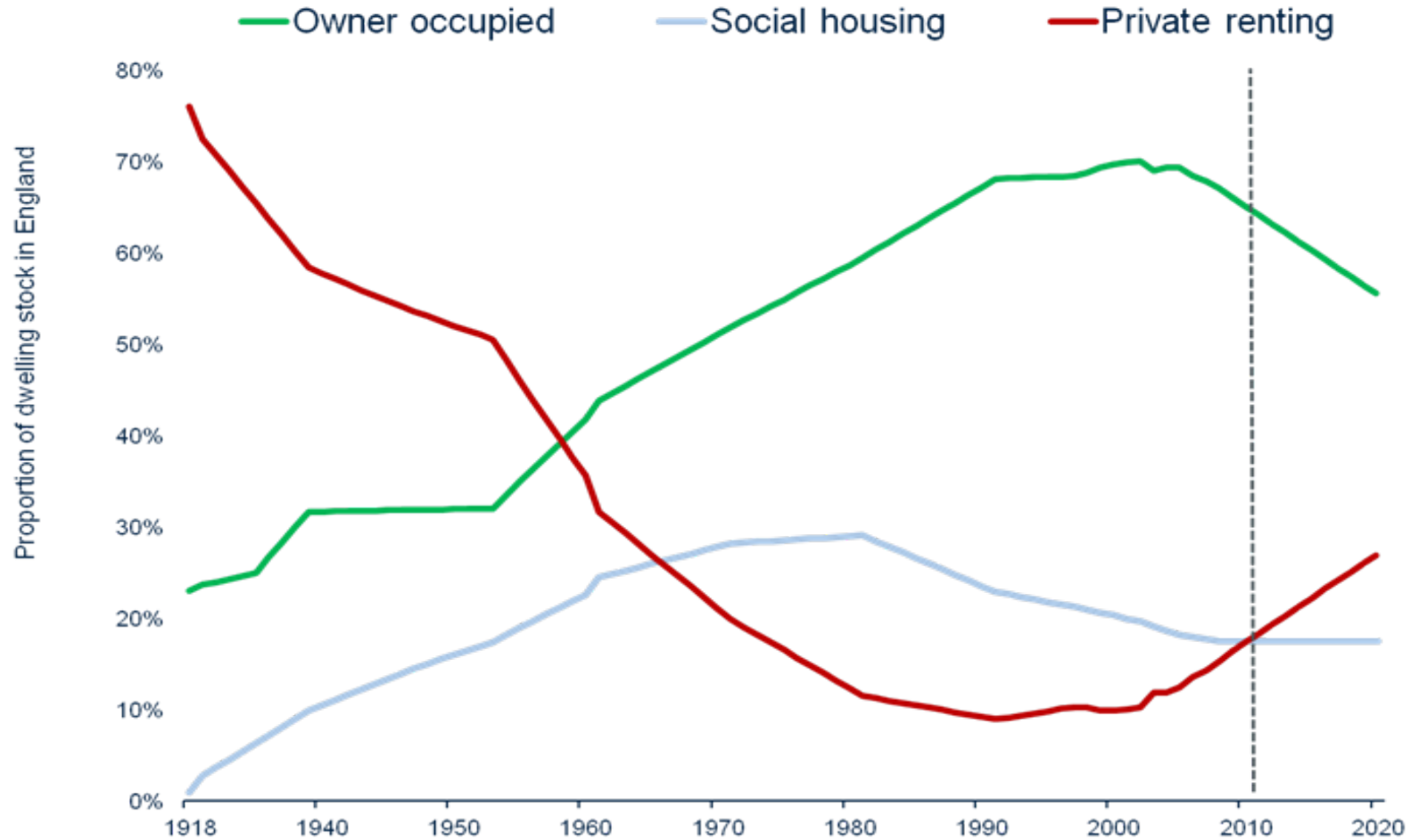
Housing Rights Service Conference
Thursday 6th November



- 4 million households in the private rented sector (PRS). Doubled since the 1980s.
- Provides homes to 9 million people, which equates to more than 1 in 6 households.
- Offers a flexible form of tenure.
- Enables place-making and choice.
- Contributes to greater labour market mobility.



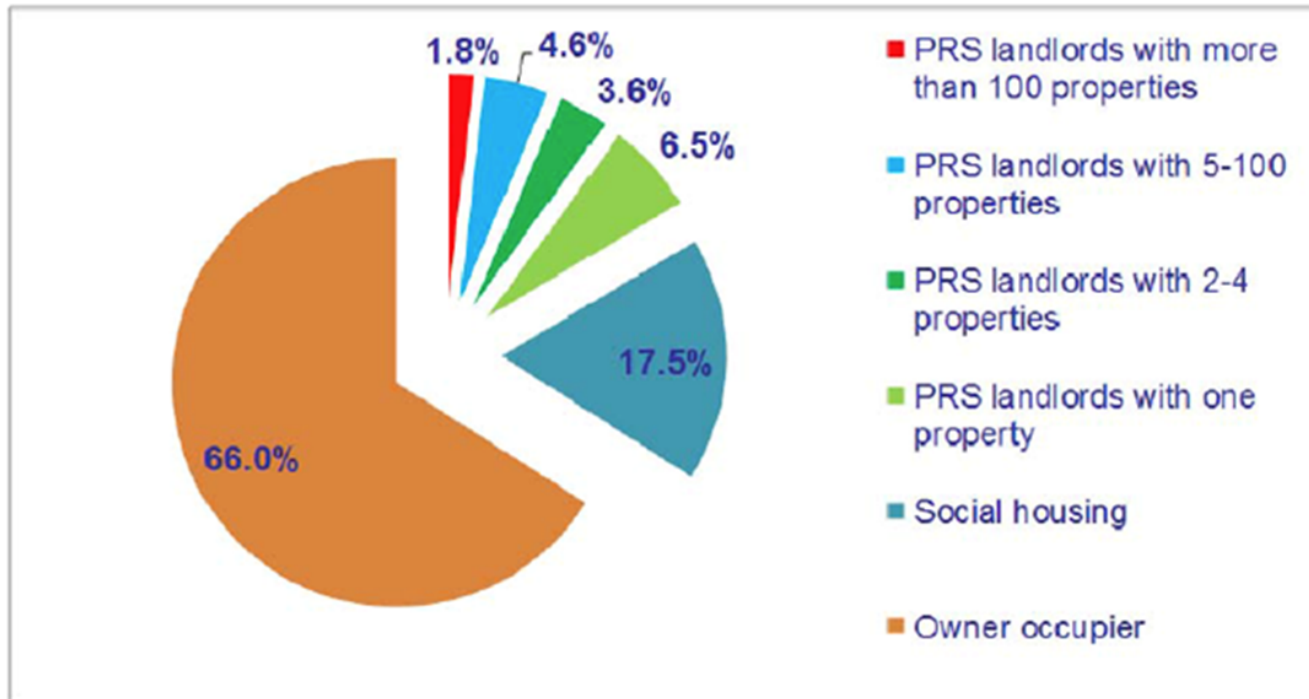
Overview: Structural change in demand





Owner-occupancy is the most prevalent form of ownership

Distribution of Ownership for UK Housing Stock

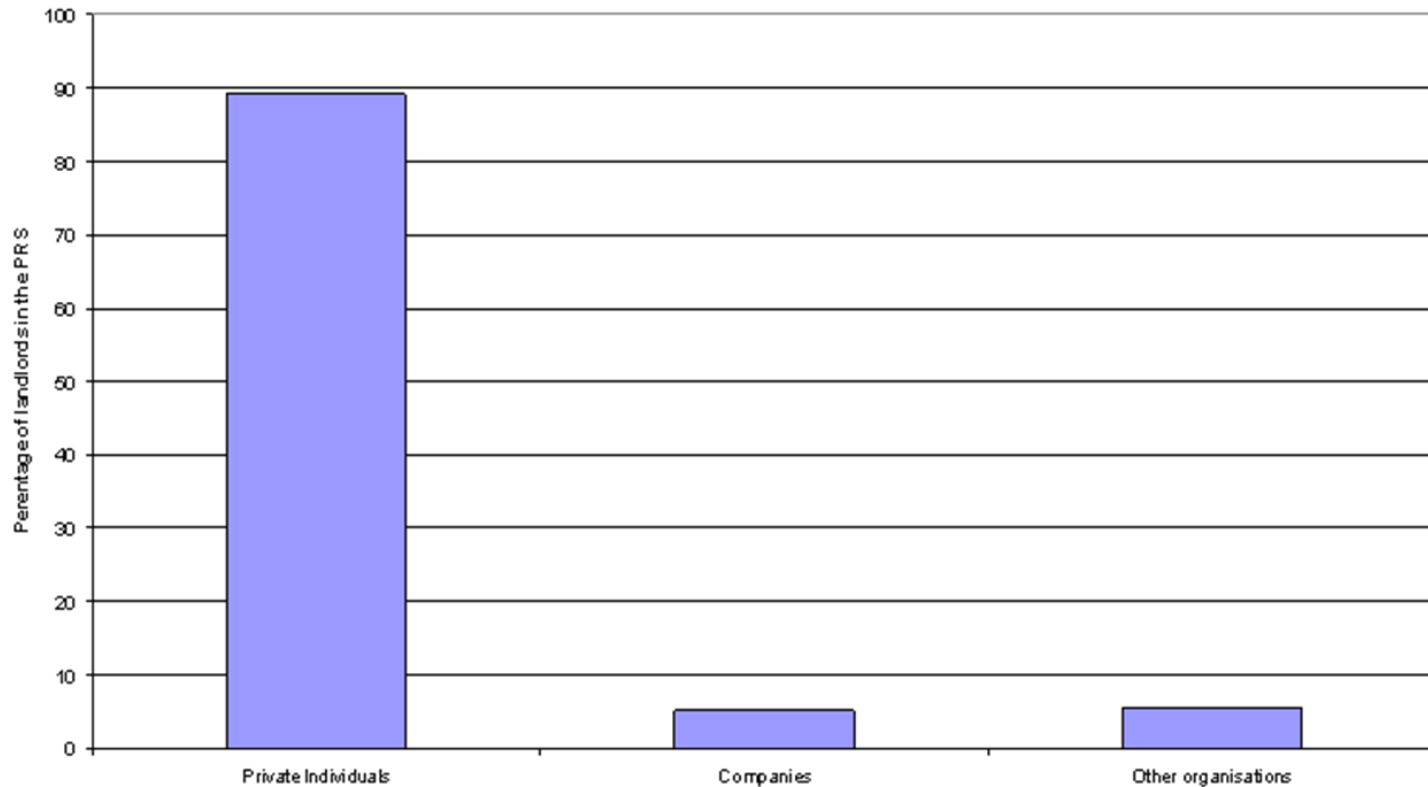


Source: DCLG, Private Landlords Survey 2010



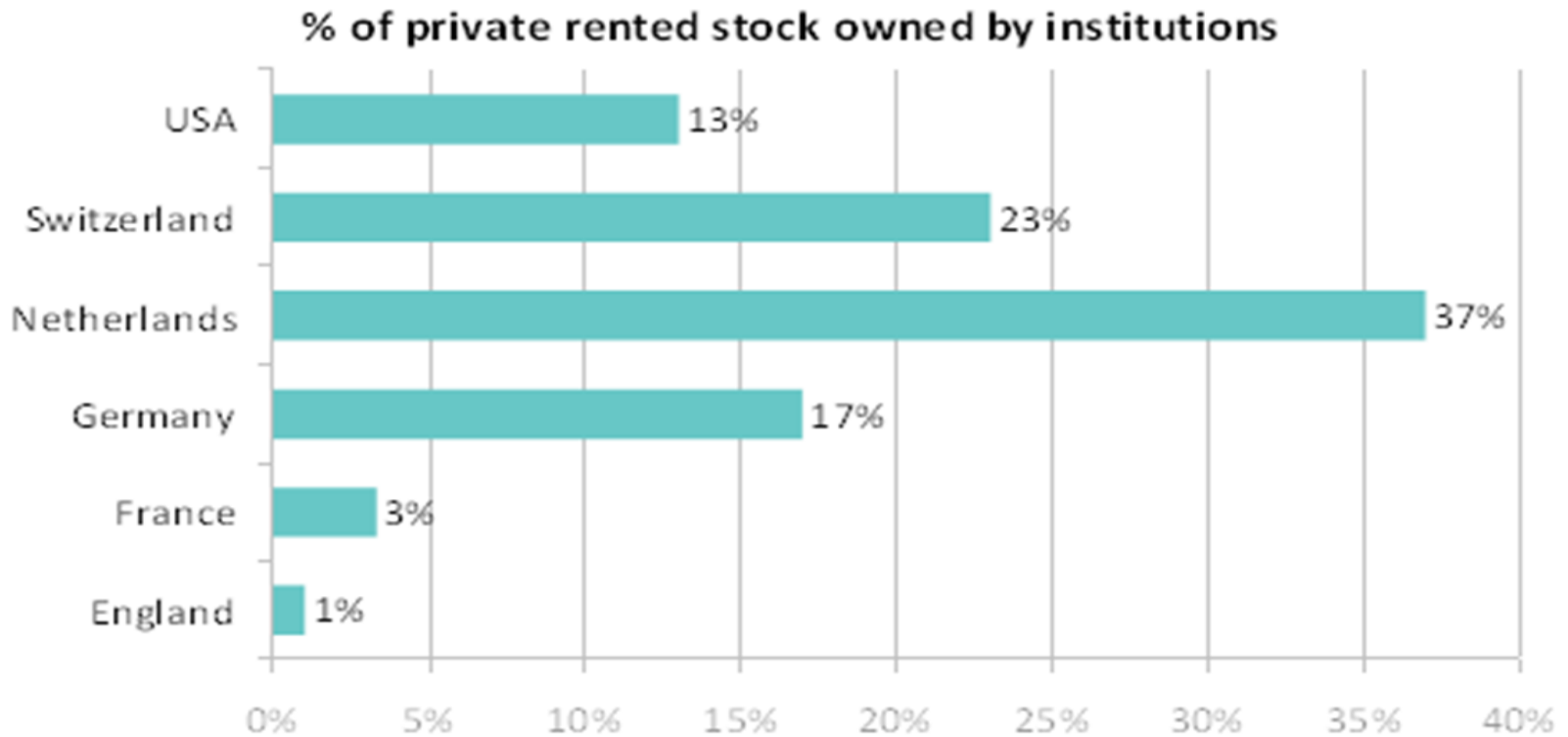
Most properties in the PRS (89%) are owned by individual private landlords rather than large-scale investors.

Type of landlord in the PRS (2009-10)





Overview: The PRS abroad



Source: IPD Towards A sustainable private rented sector, LSE, September 2011



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Montague Review (2012)

- Assessed the barriers to institutional investment in large scale developments built for long term rent
- Identified 'real potential' for this level of investment
- Offers potential benefits for tenants, investors and the economy.





Government's ambitions

- Create a bigger and better rented sector.
- Attract institutional investment and produce better accommodation.
- Provide homes which are suitable for long-term tenancies.
- Stimulate the construction industry.
- Improve perceptions of private renting.



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How is the Government supporting the expansion of the rented sector?

- Private Rented Sector (PRS) Housing Guarantee Scheme
- Affordable Housing Guarantee Scheme
- Build to Rent
- PRS Taskforce



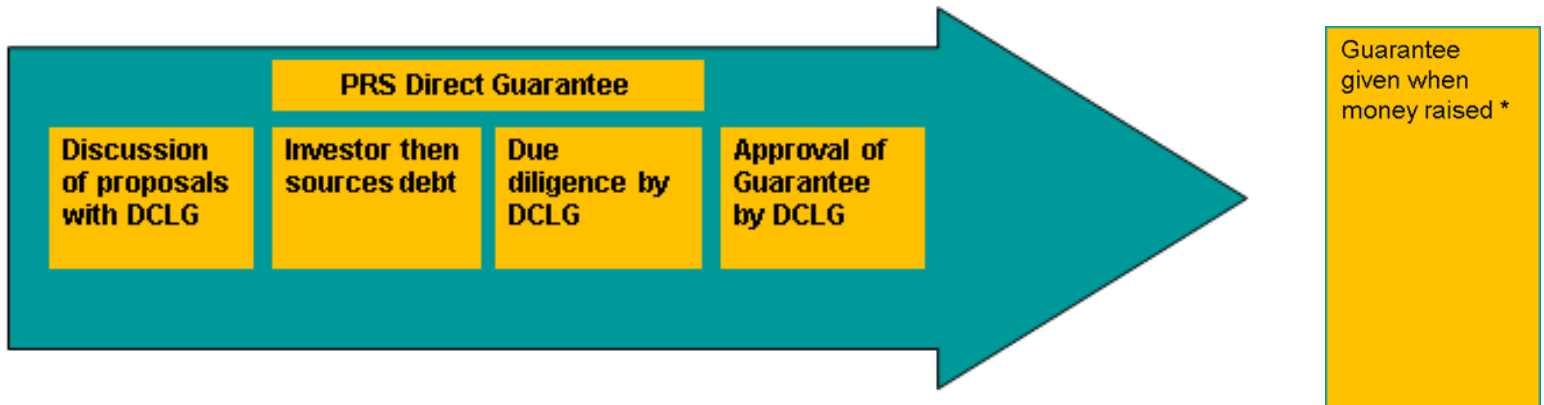
PRS Housing Debt Guarantee Scheme

- Debt guarantees of £3.5bn
- Reduces the cost of borrowing
- Rents pay back the guaranteed debt over 30 years
- Making rents more affordable by increasing the supply of new homes.





PRS Debt Guarantee Scheme -how it works





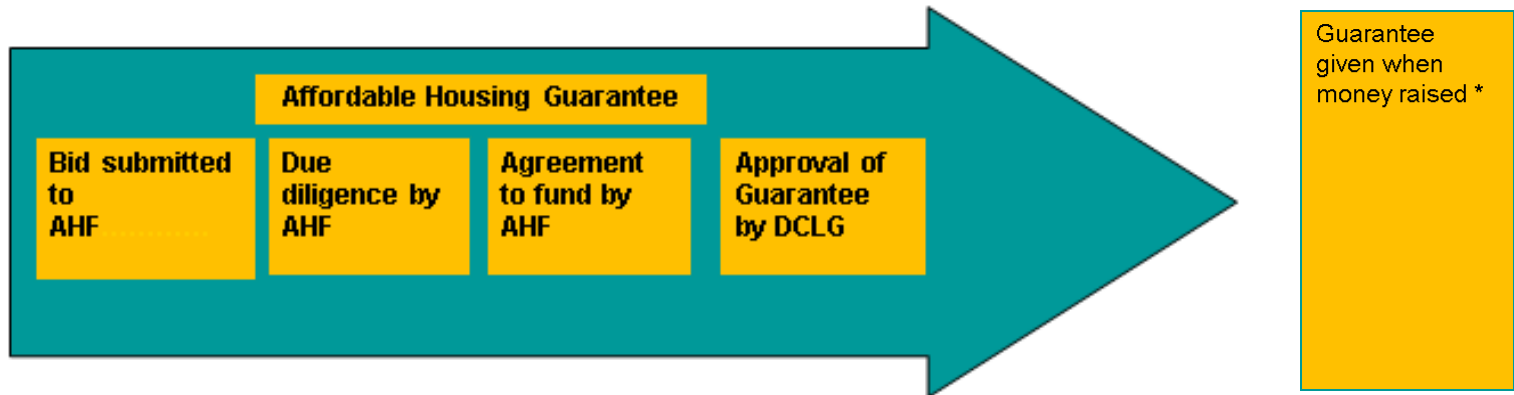
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PRS Housing Debt Guarantee Scheme Latest Progress

- Announcement of delivery partner later this year. Strong interest from market.
- First approvals by 2015.
- Delivery partner should increase access to PRS debt guarantees.



Affordable Housing Guarantee Scheme – how it works





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Affordable Housing Guarantee Scheme Latest Progress

- First borrowers already announced
- £500m European Investment Bank facility
- 28 year £208.4m bond issued at lowest price ever seen in the sector (0.37% over the cost of gilts)
- Bond tap of £198.5m – priced 30 Oct (0.38% over gilts). All-in cost 3.30%
- New 7 year floating rate note recently announced



Build to Rent Progress

- £200m Build to Rent fund expanded to £1bn due to strong market interest.
- 11 Build to Rent contracts already in place
- Worth £151m and delivering 2,000 new homes for private rent
- Majority of the fund to be allocated under a Round 2 shortlist, well into detailed due diligence





PRS Taskforce; LAs and planning

- Improving quality and broadening choice
- Bringing together developers, institutional investors and housing management bodies
- Strengthening Build to Rent Round 2
- Widening investor interest in PRS schemes
- Work with Local Authorities – planning / provision for PRS in local plans in line with tenure need; place-making + phasing





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Mark Hitchen

Department for Communities and Local Government
Fry Building, Third Floor
2 Marsham Street,
Westminster
London SW1P 4DU

T 0303 444 4161

mark.hitchen@communities.gsi.gov.uk