



Exeter
Development Fund



The Exeter Development Fund



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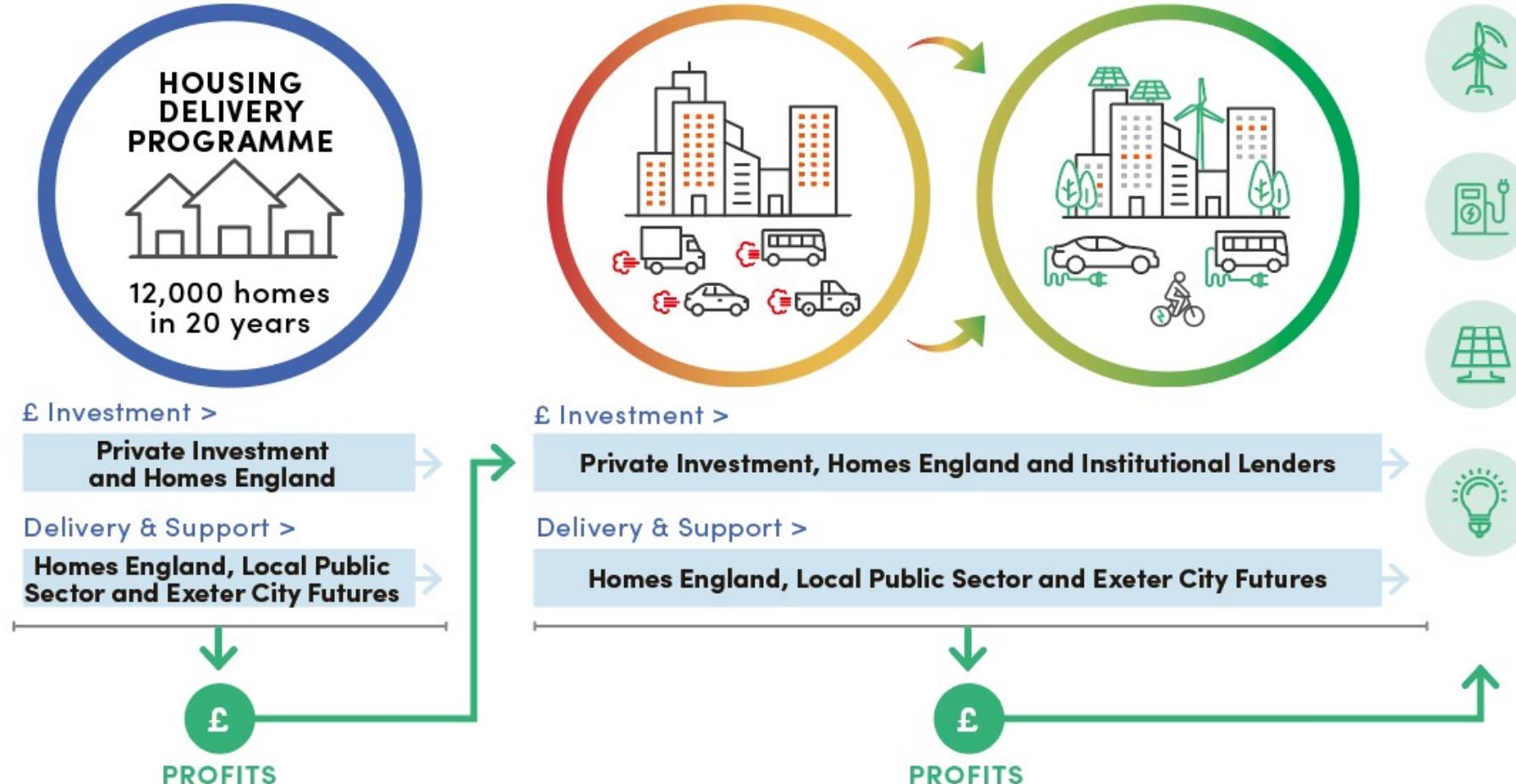


Challenges to Placemaking





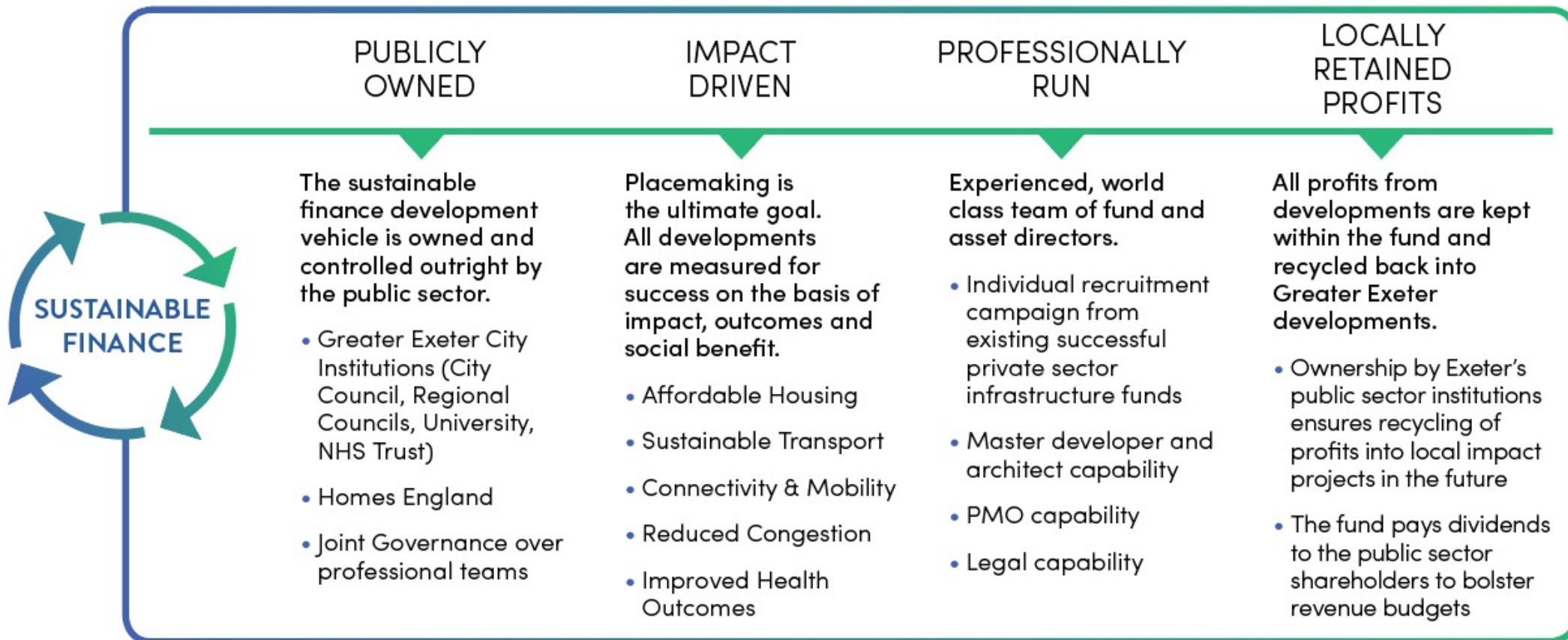
Exeter Development Fund



Clean Growth: Leveraging Property for Transport and Energy Transition

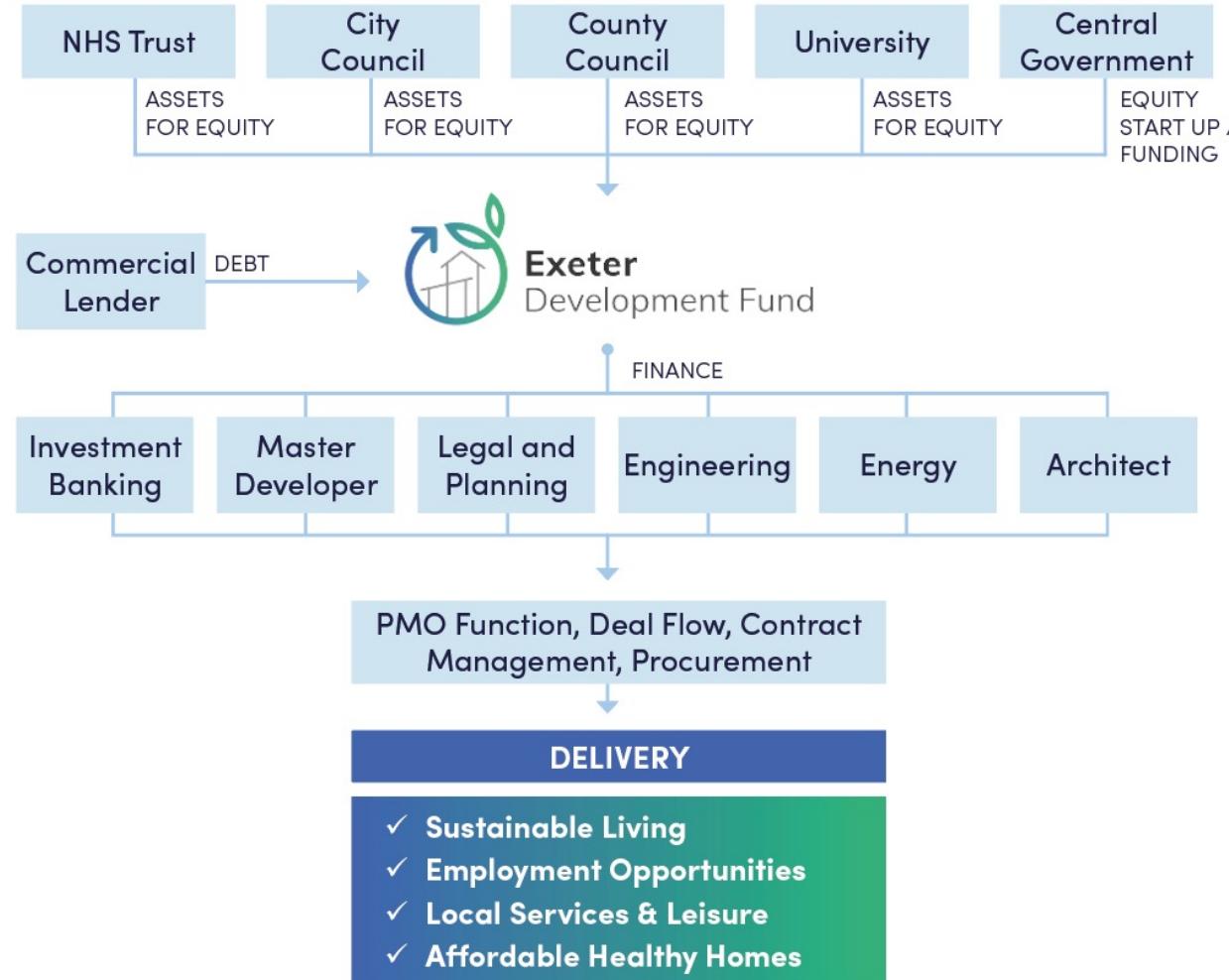


Indicative Principles



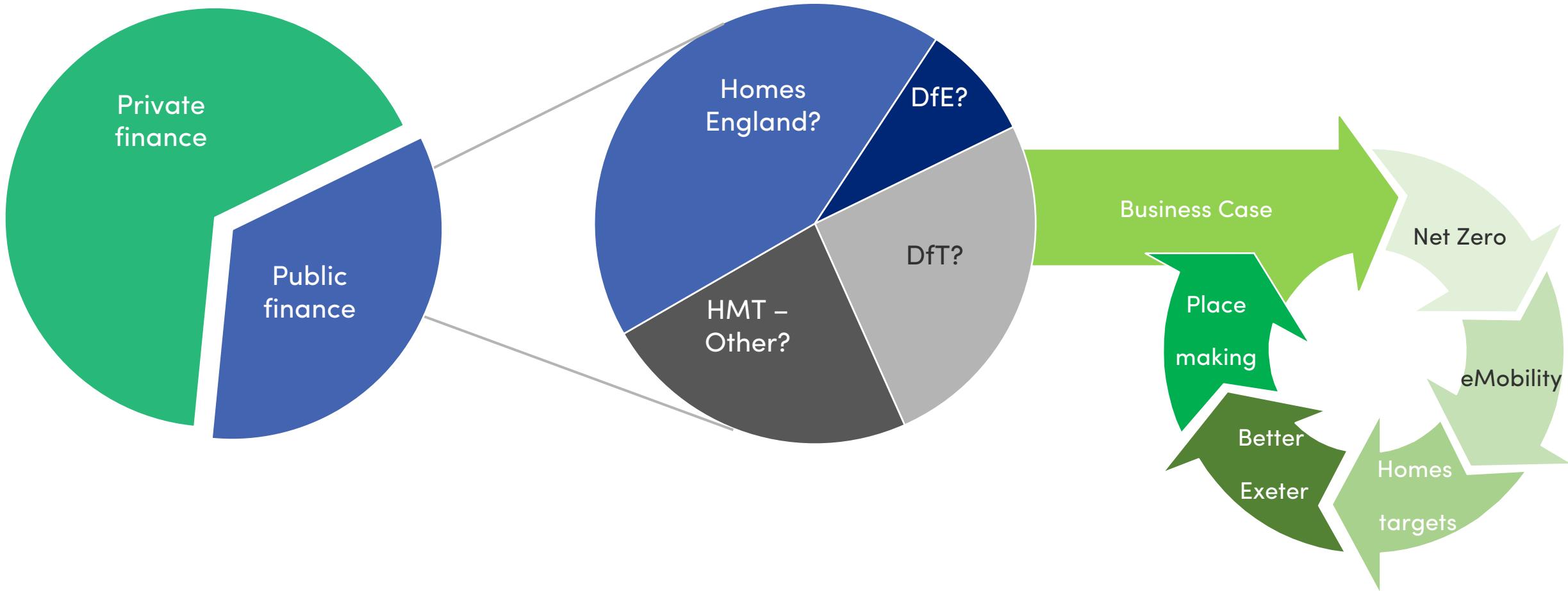


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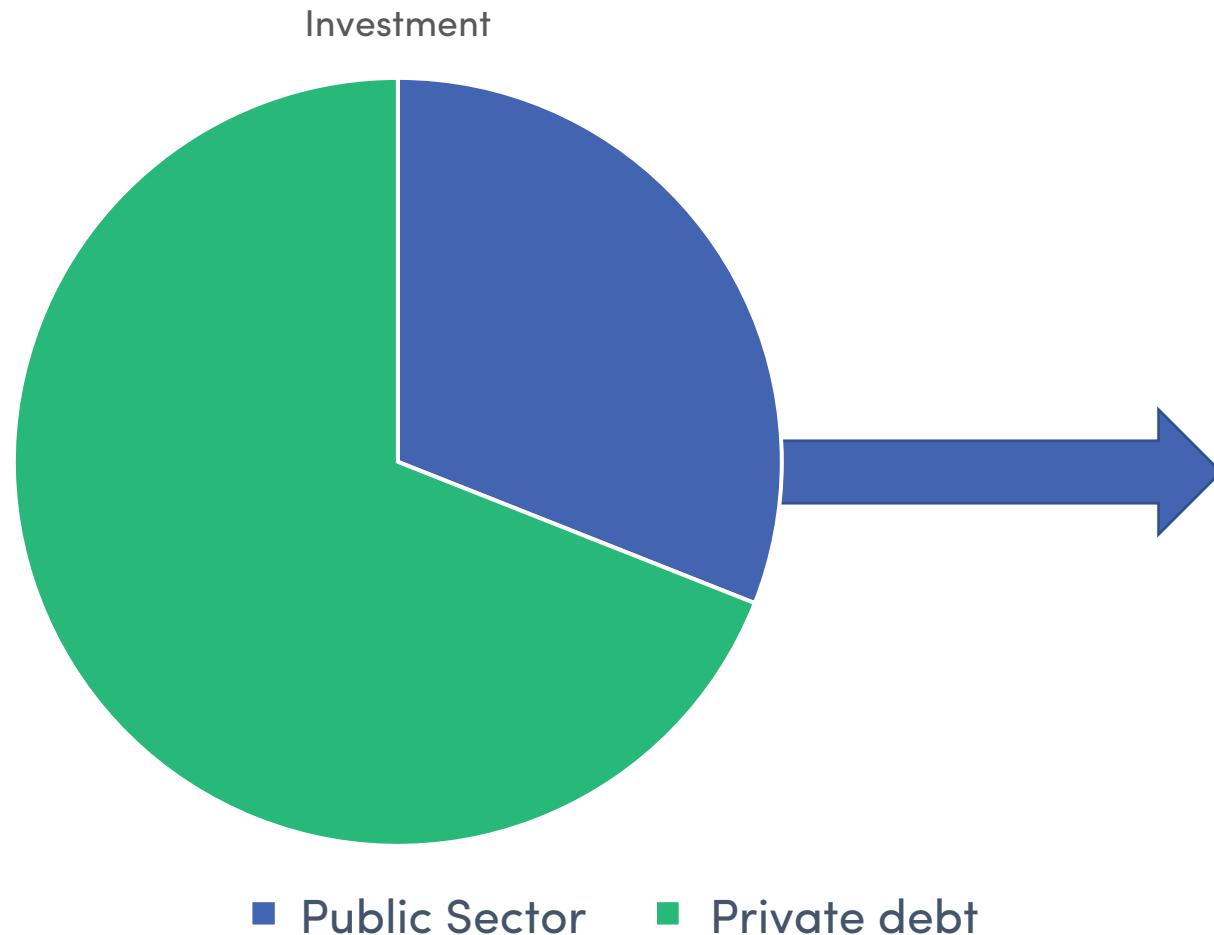


Example: Indicative results & dashboard





Investment Split & Options



1. Central government ownership
2. Partial Central government ownership, mixed with local stakeholders
3. Cash equity for only private land purchase requirements
4. Hybrid with traditional grant route to reduce equity requirements



NOISE Anaylsis



NEEDS

- Top-down support to continue progress and move from proof-of-concept stage (OPE funded) to fund incorporation (MHCLG funded)

OPPORTUNITIES

- To design an innovative and replicable model for financially effective delivery of housing and infrastructure, grant free and outcome-positive
- To control and deliver city partners' placemaking outcomes through defined delivery principles embedded in the fund.

IMPROVEMENTS

- MHCLG Funding enables optimisation of the model to a deliverable and investable offering on a site-by-site basis
- Strategic stakeholder engagement is a key priority to de-risk the fund for partners.

STRENGTHS

- Responds directly to published political declarations and Government policy 2021 and Government calls for Dev Corps reform
- Capacity funding awarded despite Covid pandemic/fiscal restrictions
- Clear that the fund will not restrict the development of sites that are ready and available to be delivered more effectively through more traditional arrangements.

EXCEPTIONS

- City partner support in raising HM Treasury capital.
- Explicit commitment of land for inclusion
- Public support for the Fund as Exeter's flagship Net Zero mechanism
- Significant financial synergies and savings and retained profits within the city as compared to BAU delivery.
- Fundamental step change in urban redevelopment financing and delivery.
- To make Exeter famous
- Exploration of all public sector partner land assets (vs private proportion) and appetite to define full scope for inclusion.
- Public engagement strategy is crucial to ensuring outcomes deliver on community requirements.
- Strong opportunities for collaboration of city partners and protection of land assets
- Flexible structure allows inclusion of any land parcels and is not reliant on specific sites' inclusion
- Complexities inherent in the financial structuring can be a blocker to effective partner engagement.





Exeter Development Fund

11 October 2021





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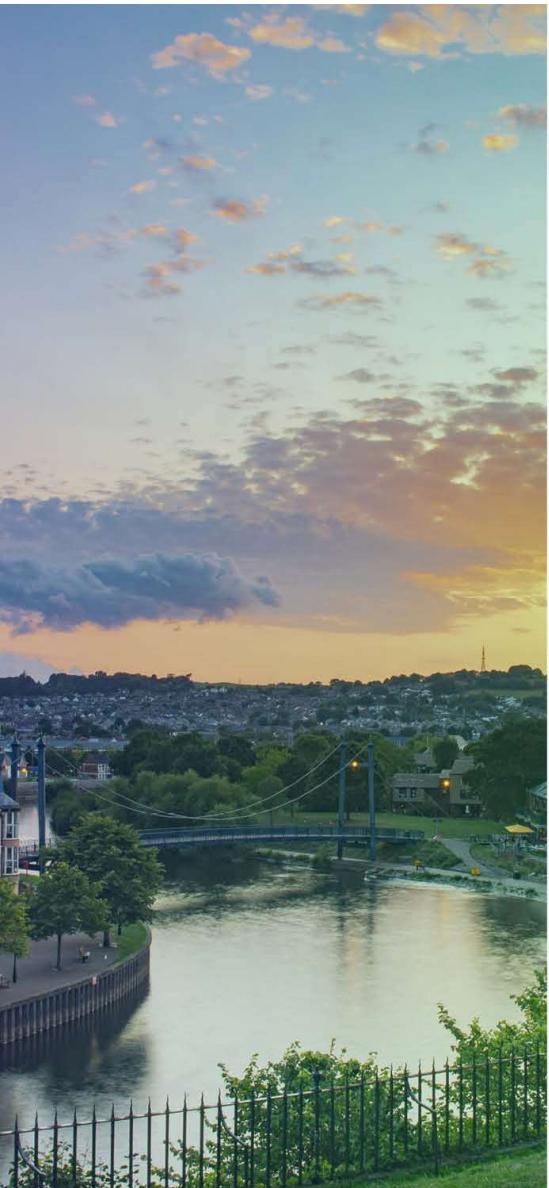
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▶ Introduction



Exeter Development Fund





UK Regional & City Ambitions



The Queen's Speech 2021

- Planning Bill
- Environment Bill
- Procurement Bill



UK Regional & City Ambitions

- ▶ Levelling Up White Paper
- ▶ Climate Change, Net Zero & COP26
- ▶ Central Gov't Objectives: Build Back Better
- ▶ BEIS Plan for a Green Industrial Revolution
- ▶ Department for Transport



UK Regional & City Ambitions



MHCLG

set out a range of measures to revolutionise the planning industry to enshrine quality, beauty and sustainability in the heart of **local decision-making** across the country from city centres to rural villages.

► Exeter's Ambition



By 2050, 66% of the world's population is expected to be living in cities.

► Exeter's Ambition





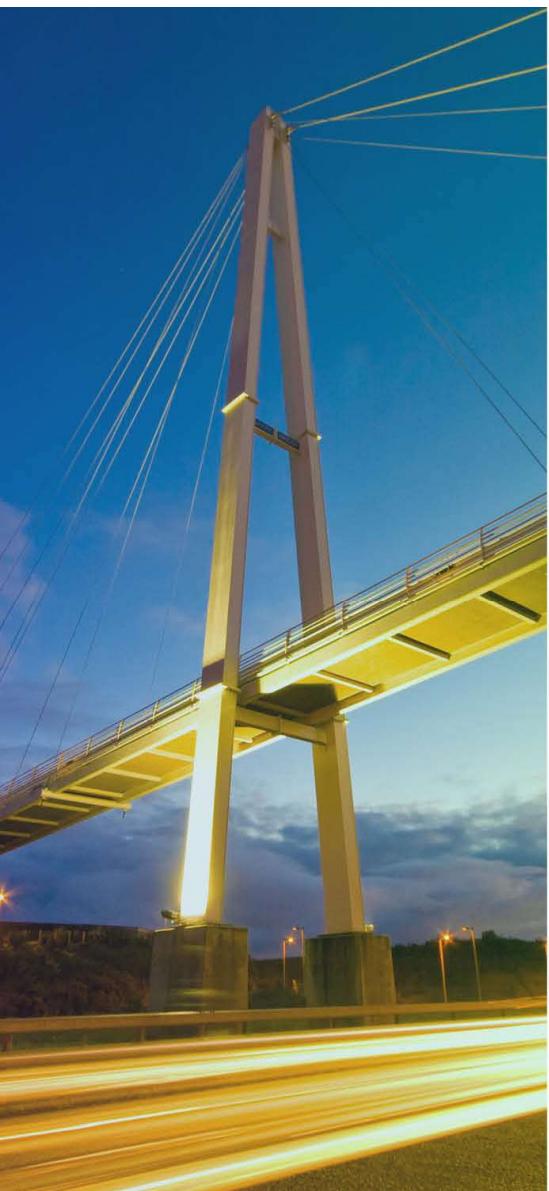
Growth Ambition in Exeter



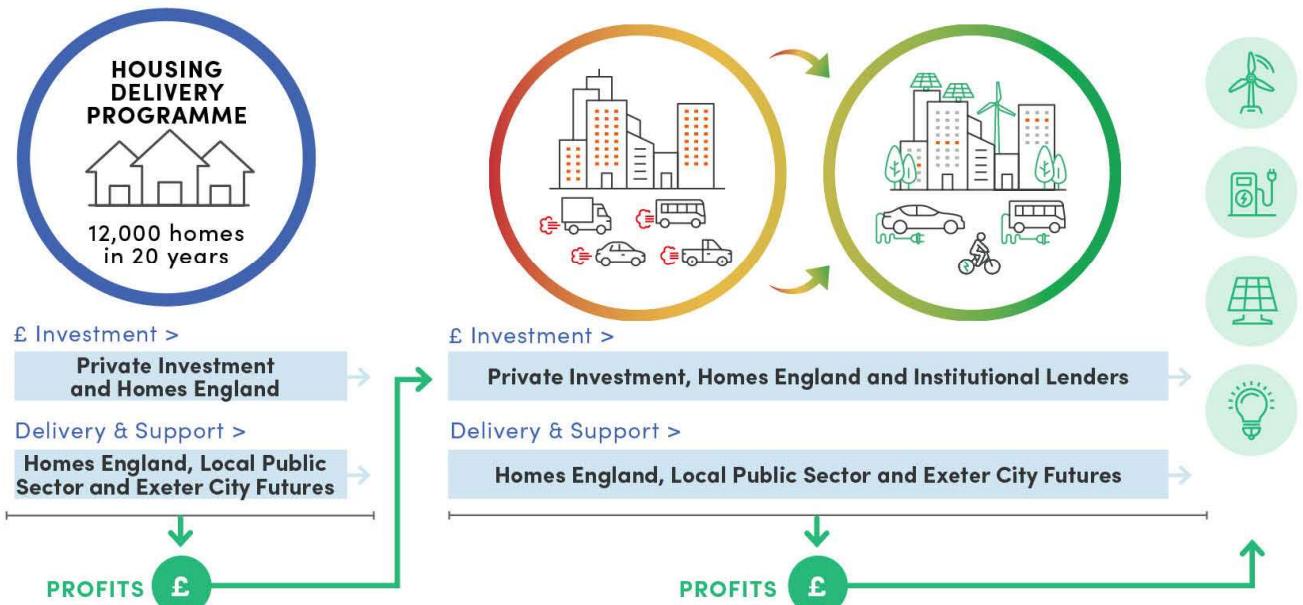
What does clean, sustainable, urban growth look like?



What comprises densification of communities and housing in a live/work/commute-less environment look like?



Conceptual Vision in Exeter





Challenges to the Vision



Balance

- Commerce and Investment Attractiveness
- Placemaking and Quality
- Housing Targets
- Sustainable Growth and Carbon Zero



► Challenges to the Vision

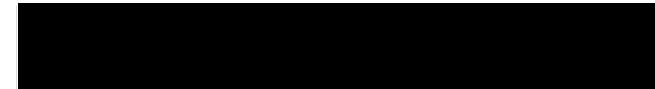
- Pace of Delivery
- Private Sector
- Legislation vs Ambition
- Urban Sprawl



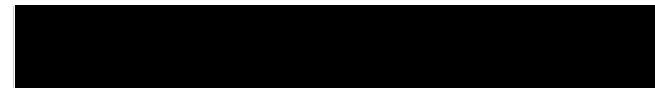
Costs of Growth



Total Land & Preparation Costs



Total Construction Costs



Total Cost:



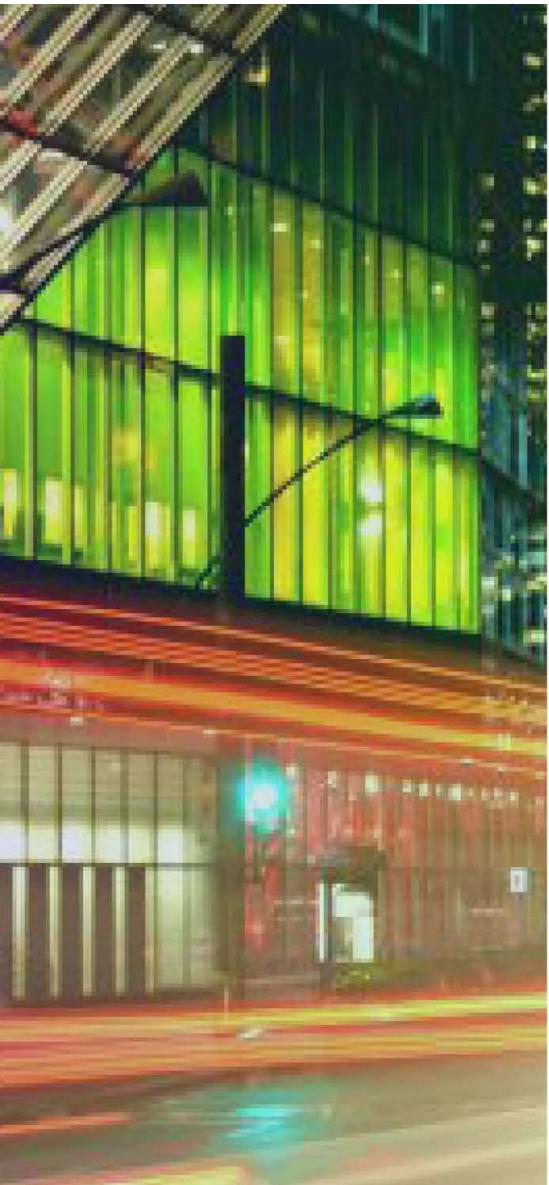
Achieving Growth: Options



How can we as a group/city region meet the costs of the required growth?



How do we best work with private investors and developers to leverage finance and leading edge skillsets?



Achieving Growth: Options

- ▶ Selling land outright
- ▶ BAU – Joint ventures with private sector and govt agencies and variations thereon
- ▶ Development Fund



Meeting the Cost of Growth

► Publicly Owned

► Impact Driven

► Professionally Run

► Locally Retained Profits



Professional Services Work carried out to explore options



OPE funding – concept test within a Green Book OBC format

- Innovative replicable financing model
- Land and skills aggregation across public sector
- Development against government targets

**ONE
PUBLIC
ESTATE**

Deloitte.

JLL

**GLOBAL
CityFutures**

 **Exeter
CityFutures**

 **Exeter
Development Fund**



Project Objectives

- To develop a replicable financial model that optimises public sector assets for housing and infrastructure.
- A portfolio approach to urban development that brings together public sector partners to maximise economic growth and efficiencies while providing ongoing, tangible stewardship of community assets and facilities.
- Disrupting the market to accelerate the scale and pace of the development of new sustainable communities and desirable neighbourhoods to live and work.
- To enable a built environment that ensures the city's Net Zero objectives.
- Protect public sector land assets from disposal.
- Build market leading development capability within the local public sector.



Fund Option Structure

Deloitte.





Options Appraisal Results

Option 1

Sell Land

Public sector owned land

No control over outcomes outside of planning

No additional benefits

Option 2

Business as Usual

Land contributed to each scheme

PV of £ [REDACTED] required from government

Less control

PV of benefits of [REDACTED]

Net Present Social Value of [REDACTED]

Option 3

Exeter Development Fund

✓ Land contributed to each scheme

✓ PV of [REDACTED] required

✓ More control

✓ PV of benefits of [REDACTED]

✓ Net Present Social Value of [REDACTED]



Benefits

**Example 1:
Fuel Poverty**

**Example 2:
Cost of
Retrofit**



Financial Results: Exeter Development Fund

Full Portfolio Summary

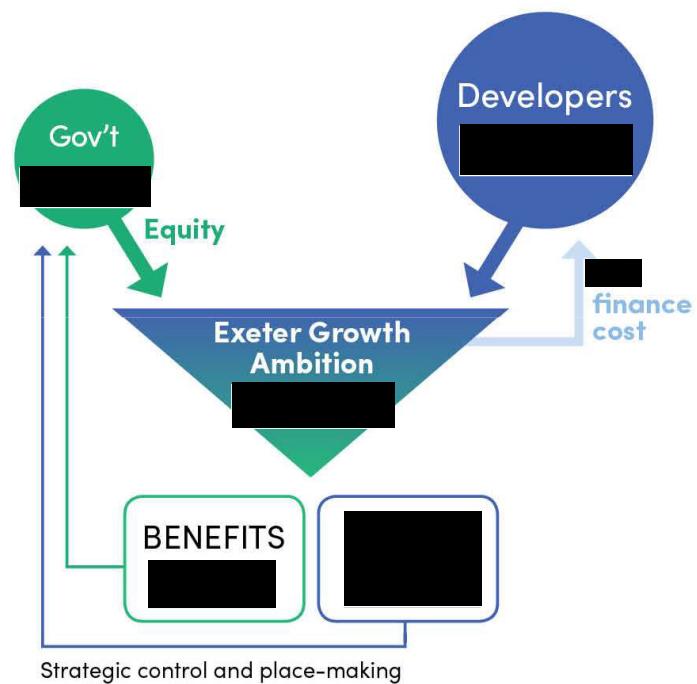
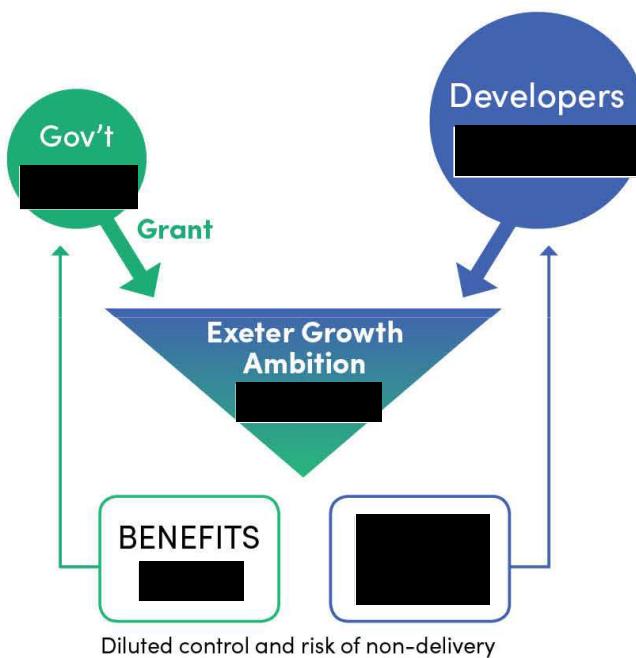
Private Loans	[REDACTED]
Government Equity	[REDACTED]
Total	[REDACTED]
IRR to Equity Holders	[REDACTED]

PV of Benefits

Cash Surplus	[REDACTED]
Benefits	[REDACTED]
Total	[REDACTED]



BAU v The Exeter Development Fund





Sponsor Feedback Response: Scenario Analysis

2 Sites Example (North & South Gate)

Private Loans		
Government Equity		
Total		
IRR to Equity Holders		

PV of Benefits

Cash Surplus		
Benefits		
Total		



➤ **How: Regulatory Framework Issues**

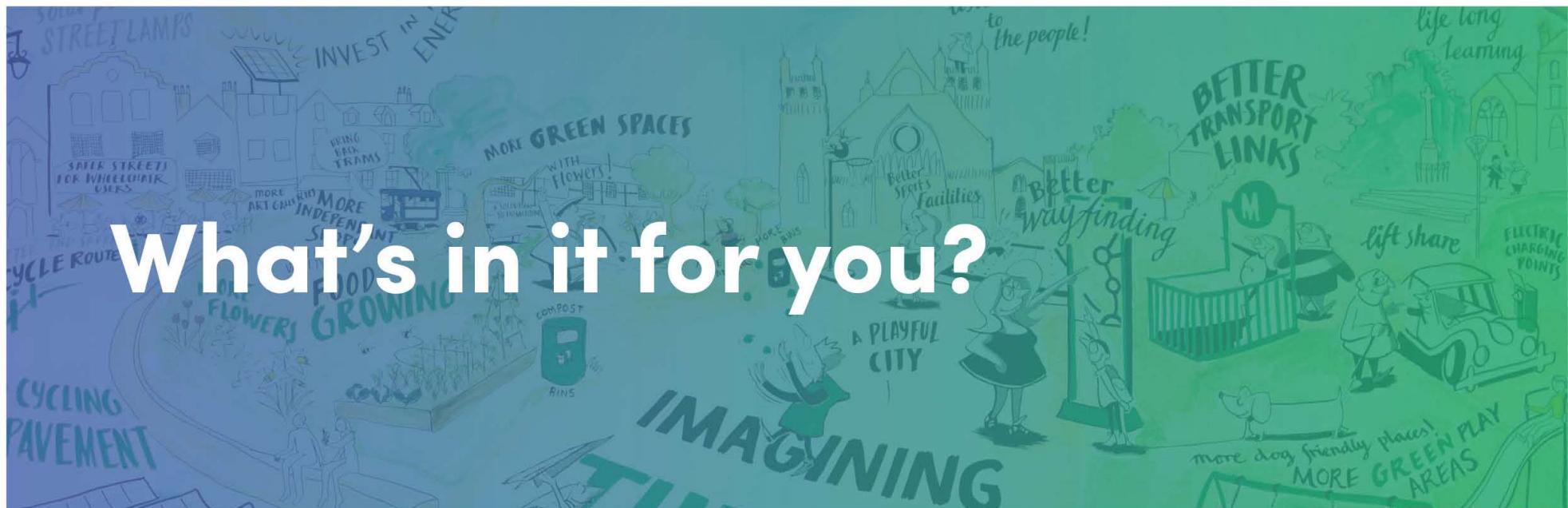
- Public Development corporations frameworks exist currently.

The approach to the Fund management and delivery structure is in direct response to Government's October 2019 consultation on reforms to Public Development corporations.



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What's in it for you?





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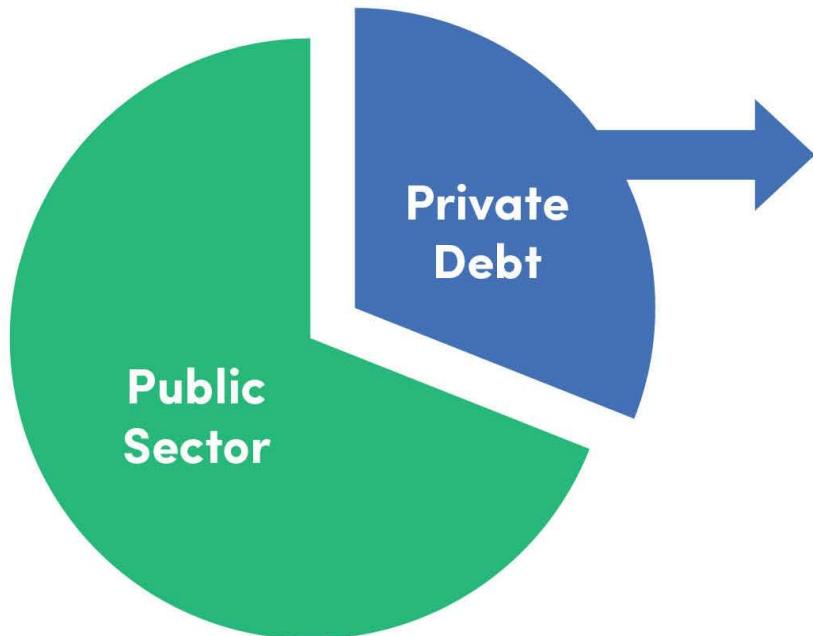


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What does the
programme need from you?

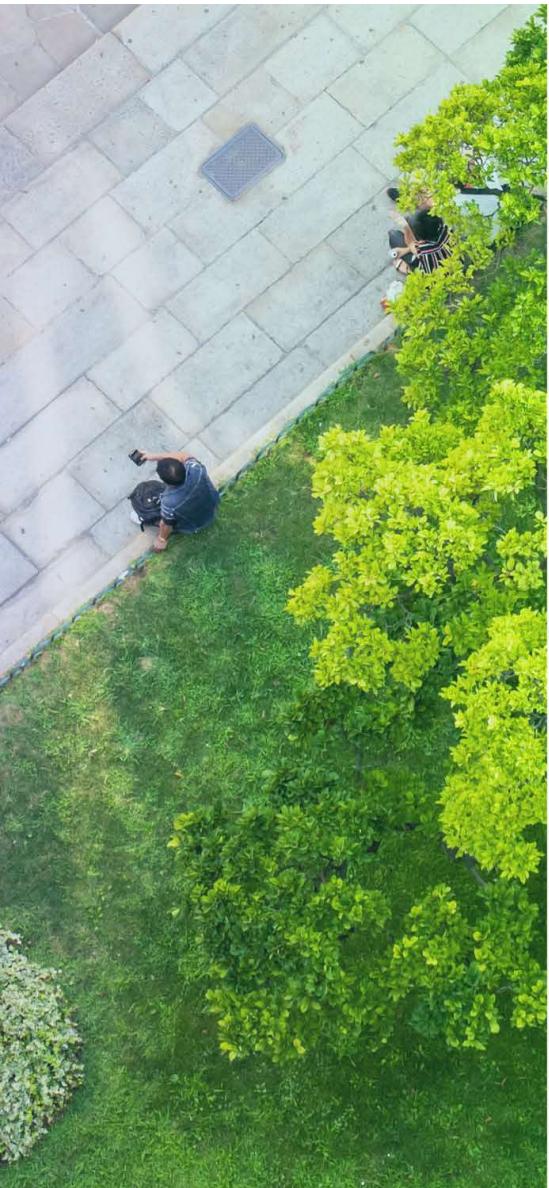


Investment split and options



Options for Investment

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► Next Steps



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