



**Exeter**  
CityFutures



**Exeter**  
Development Fund



# The Exeter Development Fund



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exetercityfutures



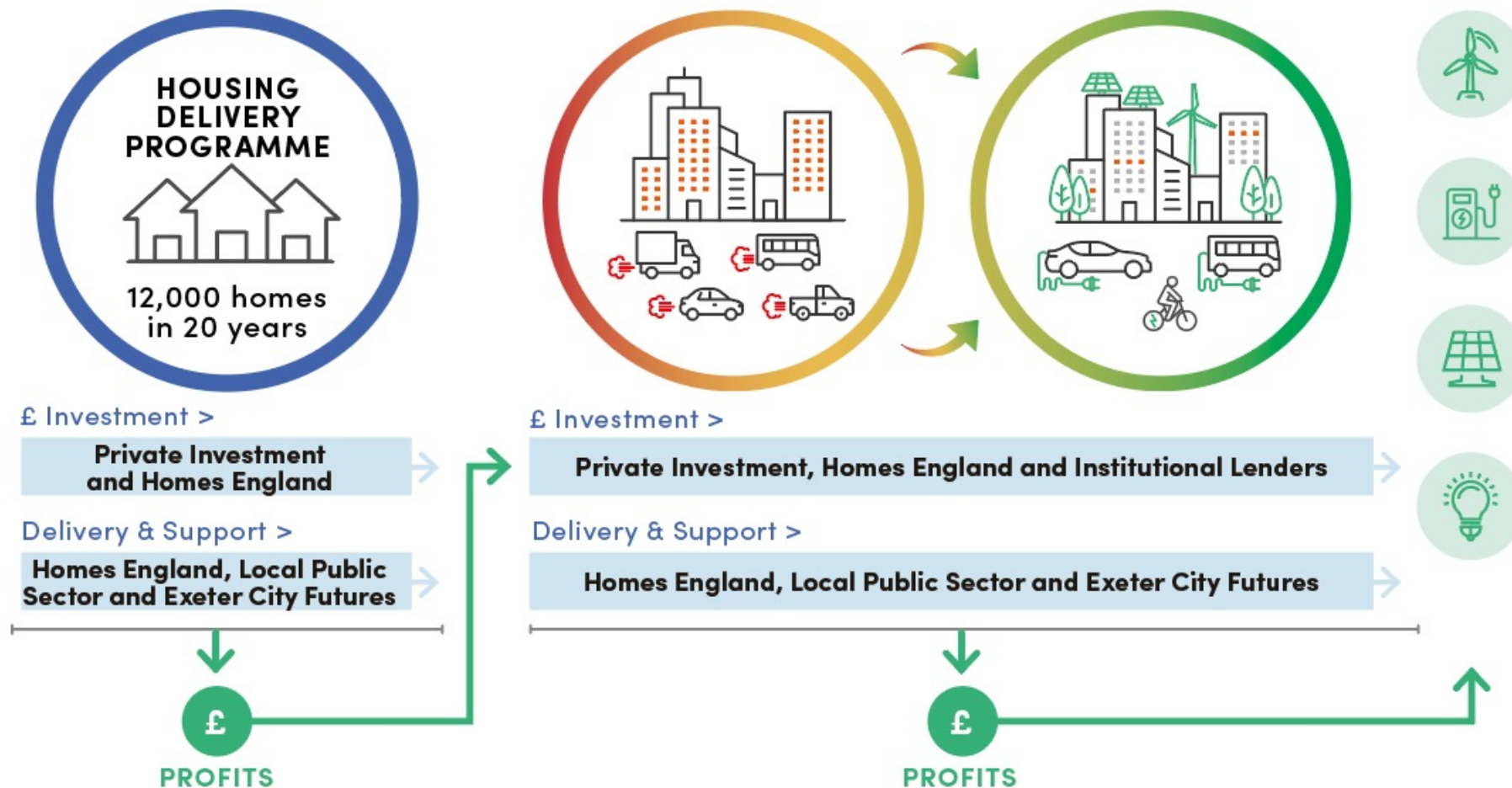
exetercityfutures.com



# Challenges to Placemaking

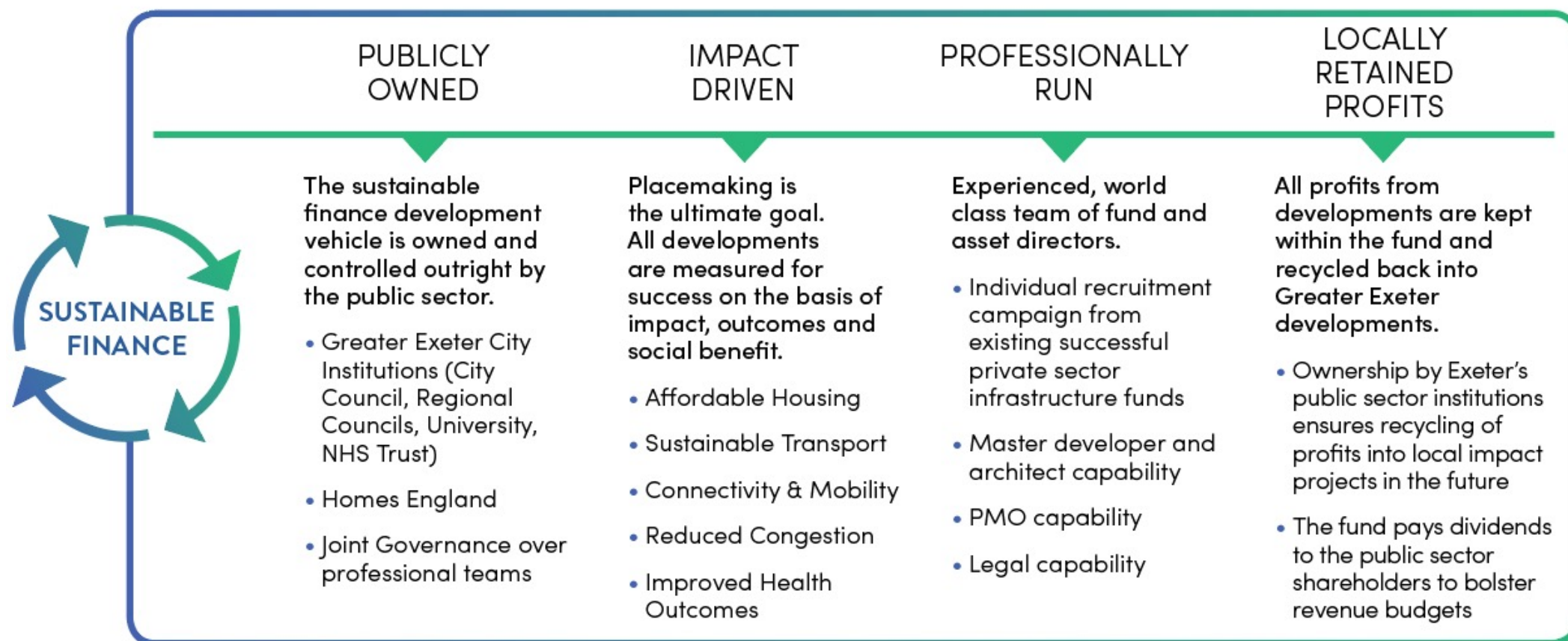


# Exeter Development Fund



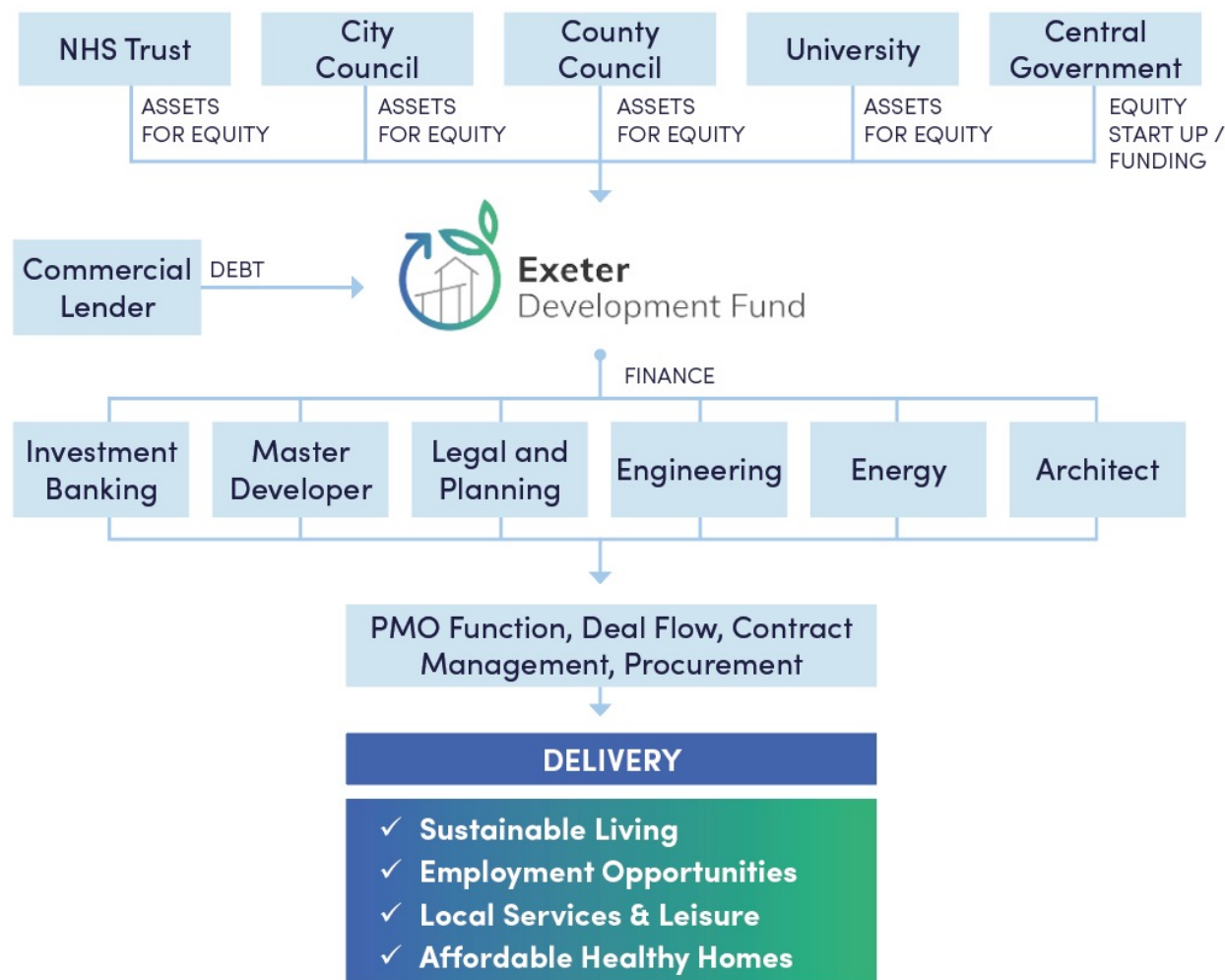
**Clean Growth:** Leveraging Property for Transport and Energy Transition

# ➤ Indicative Principles

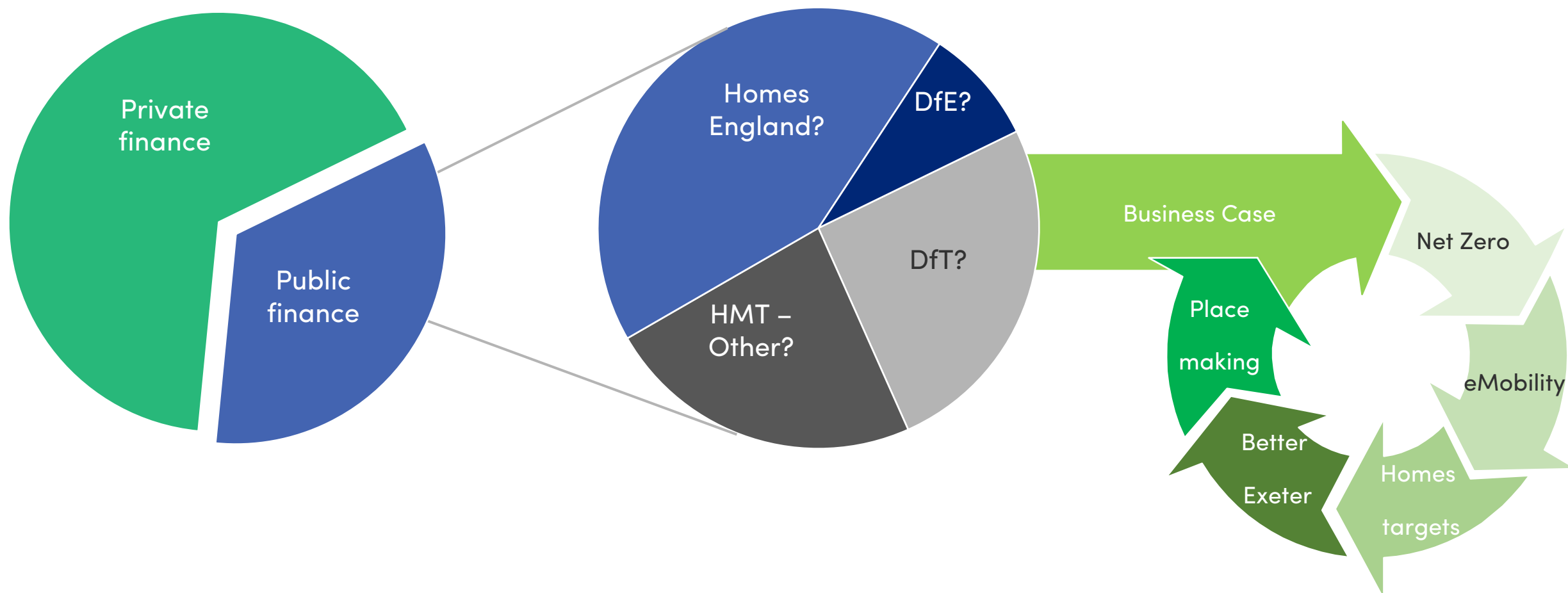




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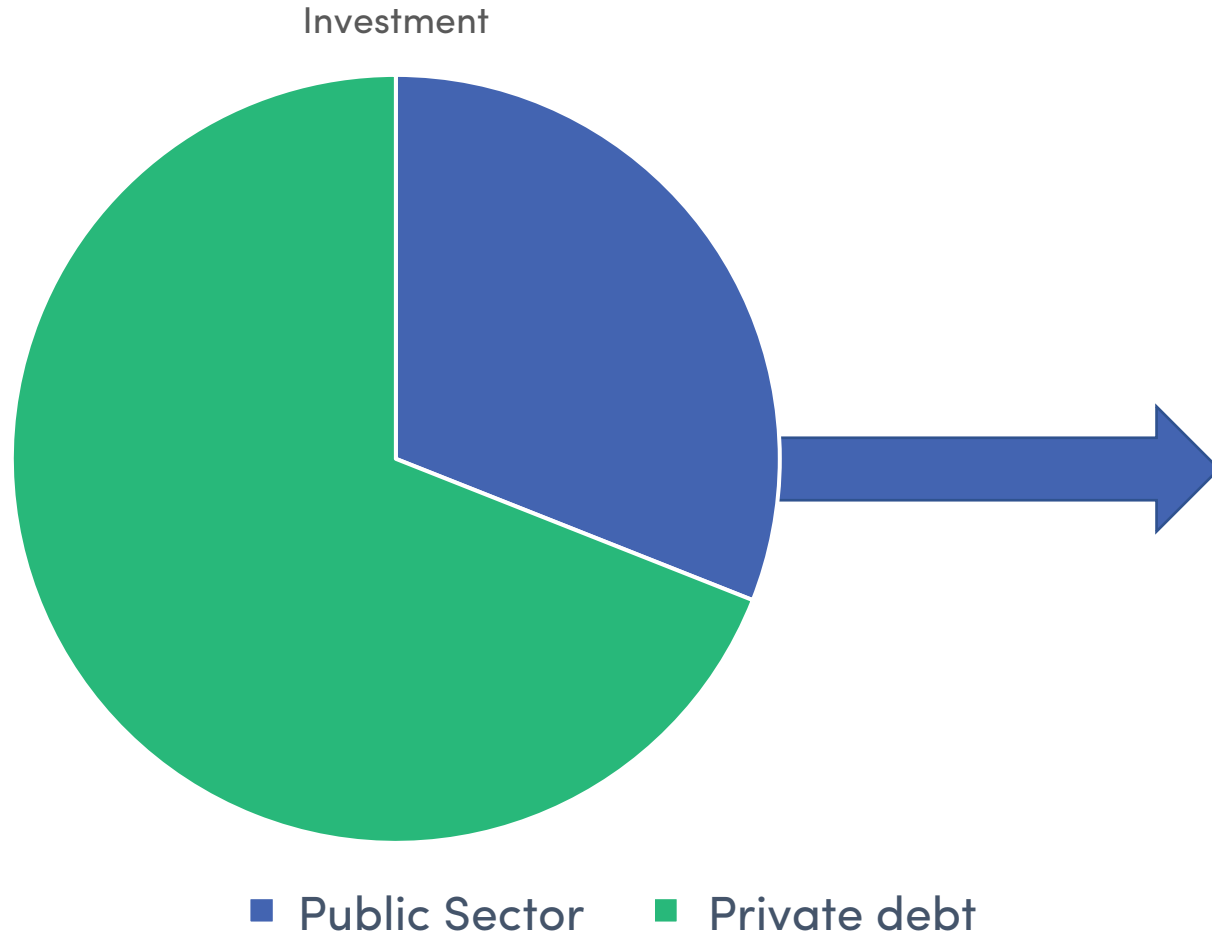


# ➤ Example: Indicative results & dashboard





# ➤ Investment Split & Options



## Options for Investment

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 Analysis



## NEEDS

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

- 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

## 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.

- 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

## 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.

- 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.

## 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

- 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

## EXCEPTIONS

- 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.

- Complexities inherent in the financial structuring can be a blocker to effective partner engagement.





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11 October 2021



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## Introduction



# Exeter Development Fund



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## **UK Regional & City Ambitions**

### **The Queen's Speech 2021**

- Planning Bill
- Environment Bill
- Procurement Bill



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## ➤ 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.

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## **Exeter's Ambition**

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

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## **Exeter's Ambition**



**Healthy  
active  
citizens**



**Reduced  
congestion  
and enhanced  
mobility**



**Building better  
housing and  
neighbourhoods**





## **Growth Ambition in Exeter**



What does clean, sustainable, urban growth look like?

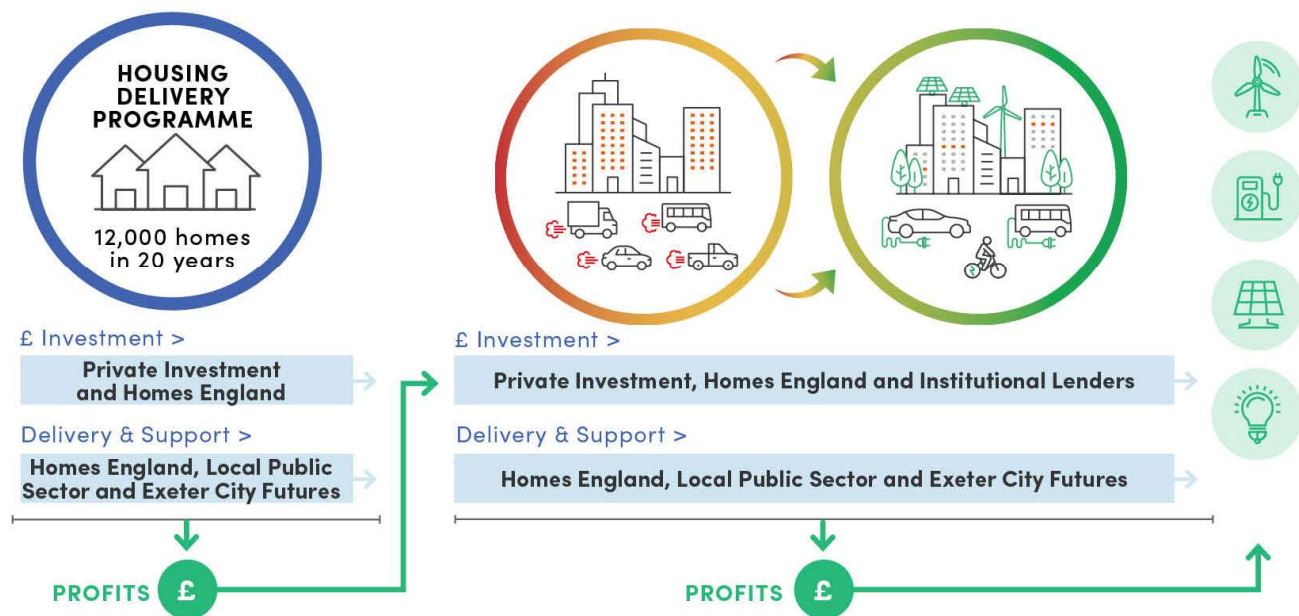


What comprises densification of communities and housing in a live/work/commute-less environment look like?





## Conceptual Vision in Exeter



**Clean Growth:** Leveraging Property for Transport and Energy Transition



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## **Challenges to the Vision**

### **Balance**

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



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## Challenges to the Vision

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



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## ➤ Costs of Growth

### ➤ Total Land & Preparation Costs

[Redacted]

### ➤ Total Construction Costs

[Redacted]

**Total Cost:**

[Redacted]





## ➤ 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



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## ➤ 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



**Deloitte.**



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## 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]



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## **Benefits**

**Example 1:  
Fuel Poverty**

**Example 2:  
Cost of  
Retrofit**



# Financial Results: Exeter Development Fund

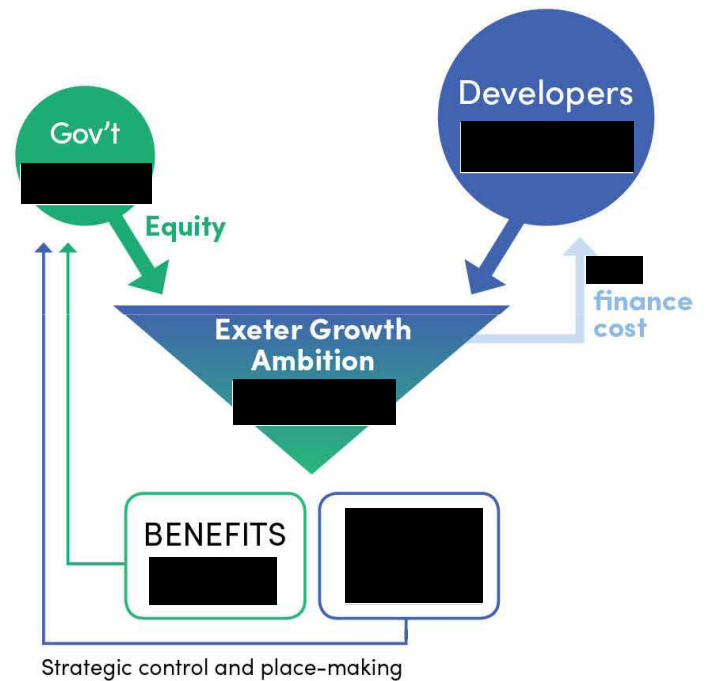
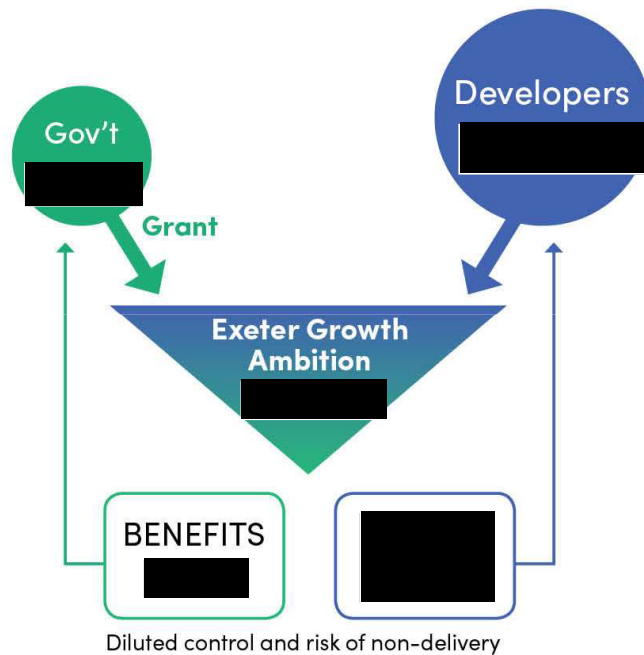
## Full Portfolio Summary

Private Loans	
Government Equity	
<b>Total</b>	
IRR to Equity Holders	

## PV of Benefits

Cash Surplus	
Benefits	
<b>Total</b>	

## ➤ BAU v The Exeter Development Fund



## Sponsor Feedback Response: Scenario Analysis

### 2 Sites Example (North & South Gate)

Private Loans		
Government Equity		
<b>Total</b>		
IRR to Equity Holders		

### PV of Benefits

Cash Surplus		
Benefits		
<b>Total</b>		



## **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.



## Exeter Development Fund

What's in it for you?

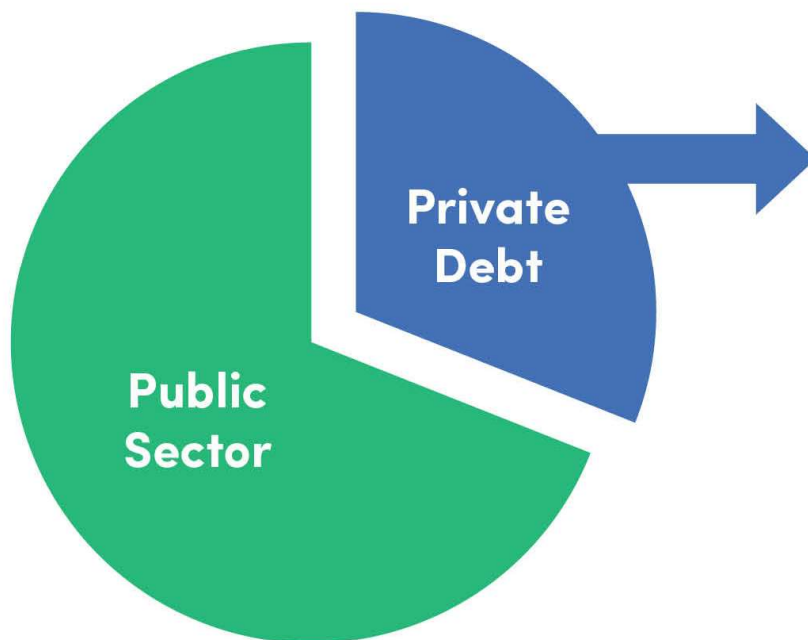
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## **Exeter Development Fund**



**What does the  
programme need from you?**

## ➤ Investment split and options



### Options for Investment

- Central government ownership
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## **Next Steps**



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