

## Local Housing Companies

London Borough of Barking & Dagenham  
experience: delivering new homes in the current  
market



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## Local Housing Companies

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- Government drive to raise housing supply
- will increase output of affordable homes
- union of assets and skills of public and private sectors
- rewards local authorities for investing land
- LB Barking & Dagenham the first



## Council's vision – LHC's aims

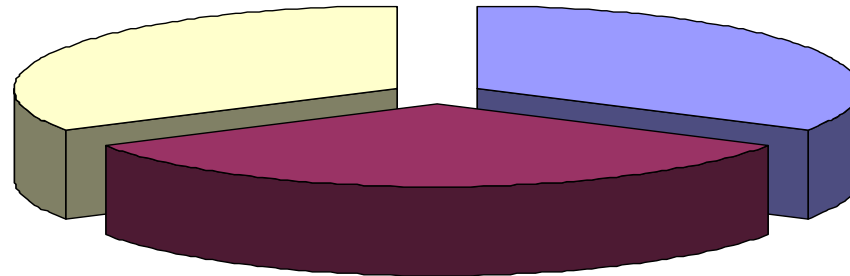
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- increasing the prosperity of residents and business community
- improving the quality of life for all people in the community
- creating an attractive and sustainable place that promotes pride and sense of belonging



## What the LHC is seeking to deliver

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The LHC is not just about more new homes with 50% affordable – sustainability, regeneration, improved life outcomes, mixed and balanced communities and choice of quality and aspirational homes are all critical measures.

## How the LHC meets those aims

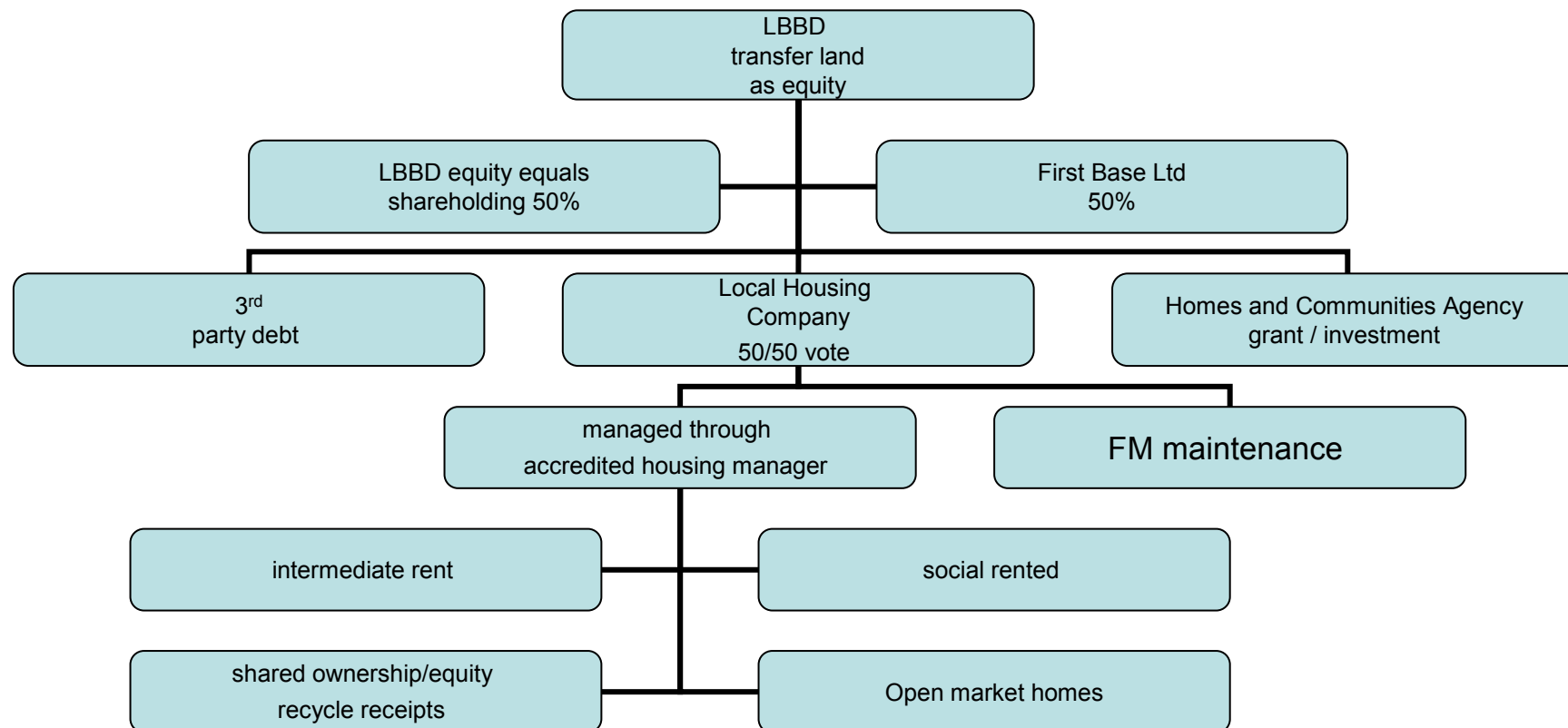
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jointly owned by Council and private equity partner (50/50) to develop, own and manage new homes in mixed tenure communities in high quality homes and places to further the Council's regeneration objectives

- uses skills and resources of both parties through a corporate vehicle
- more affordable homes for local people than traditional approaches
- localism – accountability and responsiveness to community
- generates long term revenue stream from ground rents for social / economic regeneration – tackling joblessness and low skills
- places the Council at the centre of place shaping in development
- optimises use of the Council's land holdings for long term benefit of community and Council
- provides a higher financial return to the Council than outright disposal
- provides the Council with joint and equal future ownership, control and influence over LHC assets

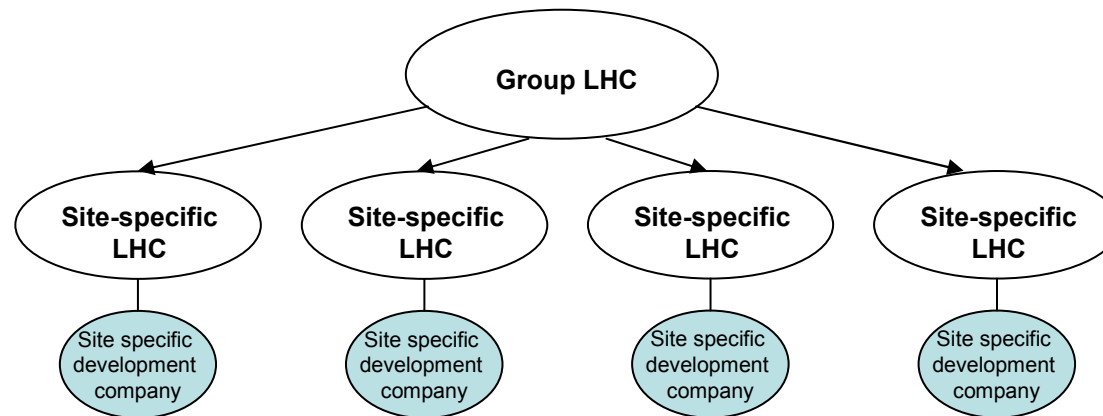


# affordable housing delivery: Local Housing Company



# LHC - structured to appropriately manage risk

- group LHC holds shares in the site-specific LHCs
- site specific LHCs created for each scheme or phase
- residential open market sales risk is ring fenced into the development companies
- bank security will only be over site specific companies, not the Group assets
- in due course, site specific LHCs will be refinanced at a group level to release financing capacity to further grow the business
- reflects normal private sector approach to risk management



## LHC is a long term commitment from the partners to develop a number of sites

- major Council estate renewal projects in Barking Town Centre
- 55% of the new homes will be a 10 min walk from mainline station – 12 min from City and 40 min Oxford Circus



## Major programme of delivery

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- Company incorporation target end of May 09
- Planning consent for the first project, William Street Quarter phase 1 March 09 and phase 2 in Sept 09 – 472 homes in total 68% affordable + 3,000 sq m enterprise centre

## LHC pipeline

- 2010 start on site a further 1,000 homes
- 2011 start on site another 1,000 homes
- 6,250 homes in programme potentially rising to 8,000



## Criteria in selecting our private sector partner

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- values aligned with the Council
- record of successfully working with the public sector
- quality design and sustainability central to their approach
- mixed tenure and tenure blind development
- shared vision of placemaking
- long – term investment in developments across tenures



## Why is this a model for the current market?

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- continues housing delivery at a pace
- not wholly reliant on the open market
- lower risk to get on site – tie in with Council's plan making and development control process
- capture of value: a long term investment rather than short term trading model
- uses skills of public and private sectors to best effect

## Why Local Housing Companies work for Barking and Dagenham

- potential to create and capture land value uplift
- Council ownership of land holdings
- major regeneration and placemaking
- collaboration with HCA and the private sector

