

One borough; one community; London's growth opportunity



Encouraging civic pride



Enabling social responsibility



Growing the borough

For more information visit
lbbd.gov.uk/visionandpriorities

Addressing Generation Rent in LBBD

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Introduction

- **Background & Context – a bit about our borough**
- **Reside – Our PRS**
- **HRA Affordable – Council properties for working people**
- **Tenant Shared Ownership – our new ‘Right to Invest’ scheme.**



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Background & Context

- **LBBB Geography:**
 - 9 miles east of Central London
 - Outer London Borough (south of the borough is within the London Riverside section of Thames Gateway)
 - Neighbours: LB Havering (EAST), LB Newham (West), LB Redbridge (North)
 - Capacity for further 35,000 homes within the Borough.
- **Population - Current estimated population = 198,000**
- **Demographics:**
 - Between 2001 – 2011 the non white population increased from 14.6% to 41.7%
 - Expected that by 2016 the borough will have a majority Black, Asian and minority ethnic (BAME) population
 - Highest population of people aged 10-19 in the whole country
- **Tenure (CENSUS 2011):**
 - Social Rent = 17.7%
 - Private Rent = 18.1%
 - Home Owner-Occupiers = 64.2%

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Background & Context – Contd.

- 18,000 Council homes & 3,500 Leaseholders
- 8,000 applicants on the Housing Waiting List
- Lowest average rent in London £91.24 per week
- 5 Year stock investment plan £ 230M



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Working with Developmental & Finance Partners.

- Institutional investors recognising that rented housing can work for them
- They want:
 - Long term safe yield
 - Well managed homes, common parts and environment
 - Enhance their reputation
- There's a close fit with councils' objectives and approaches
- B&D (and London wide) strong demand for private rented homes from young households in employment

Setting up a Special Purpose Vehicle

- Local Education Partnership (Council and Laing O'Rourke) set up a SPV as developer of 2 schemes with an institutional asset funder
- 611 all affordable homes
- Council manage and maintain
- Expiry of 60 year lease Council own outright
- Mix – 21% at social rent (50% market), 6% at 65% and 73% at 80%
- 65% and 80% rentals let to households in employment where rent is no more than 35% income

RESIDE

- LBBB Housing Services provides total letting, housing management and Repairs service
- Providing housing solution to 'Generation Rent' tenants who cannot afford to buy but do not want to rent from private landlords
- Brand new, high specification units in prime locations in the borough. William street quarter just 15 minutes from central London
- All properties let with carpets, blinds and white goods.
- Stock managed with similar standards to well established private sector landlords



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HRA Affordable

- LBBB one of the first in country to start building new council homes following HRA settlement.
- Since 2010 LBBB has built over 800 homes
- Mixture of houses, flats and bungalows
- Rents vary between 65% - 80% Market Rents



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Delivering affordable homes to rent for different incomes

To protect our social housing stock and our residents from the measures contained in the Housing and Planning Bill, means developing a *new social housing offer*

- Increasing investment in our own sub-market PRS stock - Reside
- Pushing developers for a mix of tenures
- Sticking to our plans for new housing development for HRA affordable product
- Introduction of a new **Tenant Shared Ownership Scheme**.

ISSUES:

- ✓ Tenants on lower incomes
- ✓ Older tenants who cannot access long term finance
- ✓ Tenants on higher incomes but where the property price is still too high
- ✓ Tenants affected by 'Pay to Stay'
- ✓ Tenants affected by the abolition of secure, lifetime Council tenancies

Tenant Shared Ownership

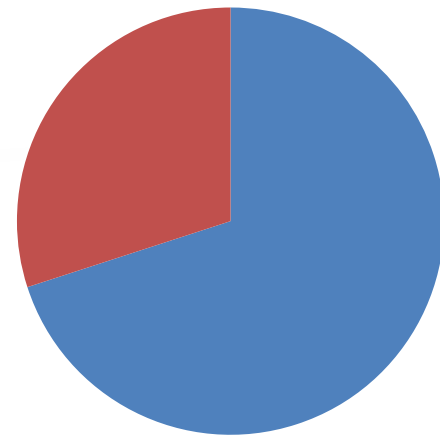
How does it work?

- The tenant purchases a shared ownership lease of between 25% and 50%. The initial share is limited to 50% to maximise capital receipt.
- The tenant will receive the equivalent Right to Buy discount based on the proportion of the property that they buy.
- The lease allows the tenant to increase their share up to 70% through a process called staircasing. Additional shares are purchased at market value.
- Additional discount is payable as more shares are purchased.
- Rent is payable on the % share of the property retained by the Council.
- Initial rent that is set is based upon a proportion of the existing secure rent.

LBBD RETAINS A MINIMUM OF

30%

UNDER SHARED OWNERSHIP



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Managing stock in the Private Sector

- LBBDD creating a Lettings Agency
- Currently developing offers to manage a number of privately owned sites with total Housing Management Services
- Developed and implemented a mandatory property licensing scheme for all PRS stock in the borough
- Interim Management Order granted for non-compliance with more on the way

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Safeguarding tenants from debt

- Making tenancies genuinely affordable

- Mixture of housing products to suit different needs:
 - 50% market rents those in most need (Social Housing alternative)
 - 65% those in employment on low incomes under £24,000
 - 80% those in employment where rent is less than 35% of income
- All affordable lettings subjected to strict financial assessment
- Making Home Ownership more realistic through Shared Ownership product

Questions??

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