

# 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](http://lbbd.gov.uk/visionandpriorities)

# Addressing Generation Rent in LBBD

**Hakeem Osinaike**

**Operational Director of Housing Management**

**"The council has the right vision: Barking and Dagenham really is London's growth opportunity."**

Independent Growth Commission 2016

# Introduction

- Background & Context - a bit about our borough
- Reside - Our PRS
- HRA Affordable - Council properties for working people
- Tenant Shared Ownership - our 'Right to Invest' scheme



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# Background & Context

Geography	<ul style="list-style-type: none"><li>• 9 miles east of Central London</li><li>• Outer London Borough (south of the borough is within the London Riverside section of Thames Gateway)</li><li>• Neighbours: LB Havering (EAST), LB Newham (West), LB Redbridge (North)</li><li>• Capacity for further 35,000 homes within the Borough.</li></ul>
Demographics:	<ul style="list-style-type: none"><li>• Between 2001 - 2011 the non white population increased from 14.6% to 41.7%</li><li>• Expected that by 2016 the borough will have a majority Black, Asian and minority ethnic (BAME) population</li><li>• Highest population of people aged 10-19 in the whole country</li></ul>
Population:	<ul style="list-style-type: none"><li>• Current estimated population = 198,000</li></ul>
Tenure (Census 2011):	<ul style="list-style-type: none"><li>• Social Rent = 17.7%</li><li>• Private Rent = 18.1%</li><li>• Home Owner-Occupiers = 64.2%</li></ul>

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**Barking & Dagenham**

[lbdd.gov.uk](http://lbdd.gov.uk)

# Background & Context - Contd.

<b>Stock</b>	<b>18,000 Council homes &amp; 3,500 Leaseholders</b>
<b>Demand</b>	<b>8,000 applicants on the Housing Waiting List</b>
<b>Rent</b>	<b>Lowest average rent in London £91.24 per week</b>
<b>Investment</b>	<b>5 Year stock investment plan £ 230M</b>



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Had

To Do

Something



# Collaborated 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 - 'Social Conscience'
- Fits well with our Objectives and Outcomes





# Set up a Special Purpose Vehicle

Local Education Partnership as developer plus institutional Investor resulting in:

- 477 all affordable homes
- Council managed and maintained
- After expiry of 60 year lease, Council own outright
- Mix of 50%, 65% and 80% of market rent
- 50% for working households with assessed need
- 65% and 80% for other households in employment

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# RESIDE

- LBBD 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
- 611 properties in total with many more to follow



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# HRA Affordable

- LBBD one of the first in country to start building new council homes following HRA settlement.
- Since 2010 LBBD has built just under 900 homes
- Mixture of houses, flats and bungalows
- Rents vary between 65% - 80% Market Rents



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# Tenant Shared Ownership Scheme.

- ✓ 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 the abolition of secure, lifetime Council tenancies

## Right to Invest

- in your home, family, and the community.

A tenant shared ownership scheme.

Providing an affordable way for you to buy a share of your council home.



Benefits include:

- Affordable way to get on the property ladder.
- You can use your Right to Buy discount – which can be as much as 70%.\*
- Security of knowing you can pass your home onto your children.
- Affordable monthly repayments – your mortgage can be for as little as a 25% share of your home.\*\*



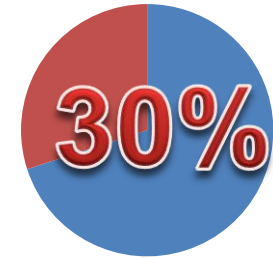
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# Tenant Shared Ownership

## 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**



**UNDER SHARED  
OWNERSHIP**

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# Managing stock in the Private Sector

- 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

# Safeguarding Residents 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 (Right to Invest)
- 611 properties rented through Reside
- 872 HRA Affordable properties rented
- Interim Management Orders - Taking over management of properties of failing landlords

# Questions??



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