

Housing Delivery Vehicles

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Key drivers and purposes

- Increase housing supply
- Deliver social and living rents
- Secure long term supply of temp. accom.
- Generate GF savings and income
- Balance HRA new build and stock investment
- Make use of RTB receipts
- Make use of s106 cash-in-lieu
- Avoid unnecessary complexity
- Focus on speed of delivery

Delivery Options: Four-Fold Approach

HRA Acquisition
and New Build

GF Acquisition
and New Build

WOC Acquisition
and New Build

CBS Acquisition
and New Build

Options Appraisal

HRA

Use RTB receipts
Social/Living rents
Debt cap issue

GF

Use RTB receipts
Temporary accom.
GF savings

WOC

Commercial
Market rents
GF income

CBS

Use RTB receipts
Social/Living rents
Independent

WOC: Seahorse Homes Ltd

- Standard Articles of Association
- Shareholders Agreement limits Board decisions
- Private procurement, tax and State Aid applies
- LBTH equity plus loan at commercial rate
- GF income from loan margin and dividends
- Possible gift aid to cross-subsidise CBS
- Key constraint: RTB receipts cannot be used
- Initial phase: acquire homes to rent
- Later phases: new build in tandem with CBS

CBS: Mulberry Housing Society

- Charitable Community Benefit Society
- Lease land at discount (with covenants)
- LBTH lends at discount (with conditions)
- Grant RTB receipts and s106 (with conditions)
- Avoids tax and State Aid issues
- GF income from loan margin and lease charges
- Key constraint: LBTH minority on Board
- Society Rules – LBTH consent required
- Deed of Covenant – first refusal on disposals, 100% nominations, no mergers or new business

Summary

- Mixed approach, making use of all four delivery options, flexibility to tailor each opportunity to the best fit delivery option
- Single client/delivery teams servicing all options will provide economies of scale and greater cohesion and consistency
- Learning from RP transfers: Deed of Covenant with CBS and lease of land are key safeguards
- Role of Scrutiny: to hold the Executive to account as shareholder and funder

