LONDON FIRST

Housing Partnerships

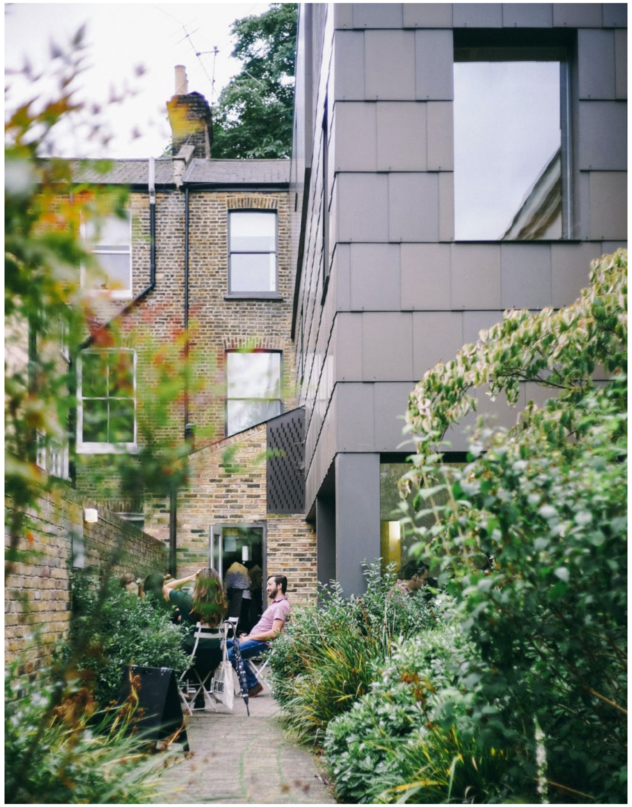
Delivering the homes that London needs

AECOM Grant Thornton LONDON COUNCILS

Contents

Executive summary

The pandemic has forced Londoners to change many aspects of their lives and will have a long-term impact on the city. It is highly likely to accentuate the structural imbalance between supply and demand in London's housing market; homes have become our offices, schools and more but we are still failing to build enough of them. The capital is building less than half the number of new homes it needs each year.



There are a complex set of factors for the shortage of homes in London but, as the capital looks to rebuild its economy post-pandemic, a bold approach is required to boost housebuilding.

One way to help achieve that, is for the public and private sector to work together and form housing partnerships, unlocking investment, land, resources and, crucially, experience and local expertise.

Establishing a partnership can be challenging but, done well, partnerships can unlock more development and deliver a range of financial and social benefits as well as the sharing of risk, particularly important in the current economic climate.

This report examines the joint venture (JV) form of partnership – the model most used in London - alongside the main variations:

- Development-led partnership
- Investor-led partnership
- Limited Liability Partnership with a strategic partner

Under the **development-led** model, a local authority can enter into an agreement with a developer partner to purchase land in return for a cash reciept. Any agreement will stipulate the parameters under which the partnership will operate including the development of the site within an agreed time frame. Profit sharing is a hallmark of this type of model as on completion, there may be the opportunity for the local authority to take a share of any super profit over and above that of the developer profit.

In the case of an **investor-led** partnership, a local authority will seek a long-term investor to not only forward fund a development but also take a share of the development risk, whilst the local authority will assume the long term operating risk for the completed development. Such a model allows greater flexibility to vary the risk share during both development and operation compared with a straight 50:50 JV.

Finally, a local authority may wish to take a long term view about development in their area and may set up a **Limited Liability Partnership** with their strategic development partner. Under such an arrangement, both partners will put forward development and investment opportunities and will jointly decide on completion whether to sell or retain the assets.

Partnerships are not a panacea to increase housing supply in London, each variation has its own benefits and challenges which must be weighed up against the objectives of the local authority. They are, however, part of the solution and choosing the right type of partnership is crucial to their success. Partnerships represent a real opportunity to effect positive change, not only in the homes that they can provide but also for the wider community both of which will be vital in helping London on the road to recovery.

Introduction

London needs to build 66,000 new homes a year, but supply has failed to keep up with demand[1]. The latest housebuilding figures for 2018/2019 show that 32,129[2] homes were built in the capital which falls far short of what is required. While it is too early to assess the full impact that the Coronavirus pandemic may have on housing need in London, such is the level of demand for housing in the capital, and when coupled with years of under supply, it is likely that building more homes will remain a key priority for London. Indeed, the Government's new standard method of calculating housing need puts London's annual housebuilding requirement at in excess of 93,000 homes.

There are a complicated set of factors which make increasing housing supply in London challenging; a convoluted planning regime, availability of land and a lack of signifcant and sustained Government investment into affordable housing have all led to a deepening imbalance against demand. There is no silver bullet and increasing land or investment alone will not address the problem. The industry must work holistically to also diversify who is building, what is being built and where.[3] Historically, when levels of housebuilding have been at their highest this has been led by the public sector. The post-war era was one of reconstruction and slum clearances which significantly increased housebuilding, all of course undertaken within a lighter touch planning regime. But it was also an era where building new homes was top of the political agenda. General elections in the 1950s and 1960s saw political parties competing over who could build the most homes. However, the proportion of new build dwelling completions by local authorities in England has decreased over the past 55 years, peaking at c.57% in 1968, compared c.1.2% today[4].

In recent years, housing has once again risen up the political agenda. The government is committed to seeing 300,000 homes built a year by the mid-2020s and recently announced a new £11.5bn affordable housing programme (2021-2026). This is an increase of £2.5bn on the last programme (£9bn from 2016-2021) but London's allocation of funding in the new programme has reduced (from £4.8bn to £4bn), seeing its share of the total pot decreasing from roughly 50% to 35%. The capital's new funding falls far short of the £4.9bn a year that the GLA estimates is required to deliver the affordable homes that Londoners need[5].

Notwithstanding this challenging background, there has been a concerted effort from London government to start building again. The lifting of the borrowing cap placed on a local authority's Housing Revenue Account (HRA); the Mayor's £1bn council homes building programme to deliver 11,000 homes[6]; and the establishment of housing or property companies by many London boroughs are all examples of the public sector getting back into housebuilding. But the results of these efforts will take time to see. In the seven years to March 2017, London boroughs built 2,100 homes, a modest amount, but significant progress compared with the 70 homes built in the preceding seven years[7]. A lack of resource, funding, and specialist skills to deliver large scale schemes, all stand as significant barriers to the ambitions of boroughs to build.

Set against this background, forming partnerships with the private sector could be the key to unlocking the housing aspirations of the boroughs. By partnering with the private sector, boroughs can leverage in investment, skills, resource and crucially experience. Sharing development risk at a time when the economy is in a precarious position could help to unlock more development.

However, partnerships are not a panacea; they require flexibility and compromise, commitment and goodwill, and a shared understanding about priorities and outcomes. There is no one size fits all approach, but there is an ever-growing awareness of the types of structures that work well and the key issues that must be addressed to deliver a successful partnership. This report explores these issues through the lens of the types of housing partnerships that are being formed in London. Section 3 takes a closer look at the considerations of entering into a partnership, the challenges that can be encountered and the opportunities that can be realised. Section 4 focusses on a key partnership model and its various permutations which are supported by a series of case studies detailed in Annex B.

1 *The London Plan: The spatial development strategy for Greater London, March 2021.*
2 *London Plan Annual Monitoring Report 16 2018/2019, GLA, March 2021.*
3 *Sir Oliver Letwin stated in his 2018 review that the 'absorption rate', the number of homes that can be sold into the market in a particular period, was being limited by the homogeneity of the homes that were being developed. He recommended that to increase housing supply, greater diversity in the type of housing being built including build to rent, shared ownership and more social and affordable options was needed. Independent review of build out: final report, MHCLG, October 2018.*
4 *https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875361/House_Building_Release_December_2019.pdf*
5 *The 2022-2032 Affordable Housing Funding Requirement for London: Technical Report, June 2019, GLA and G15.*
6 *Building Council Homes for Londoners Funding Prospectus, GLA, May 2018.*
7 *Building Council Homes for Londoners Funding Prospectus, GLA, May 2018.*

3: The challenges and the opportunities of housing partnerships

In 2019, London First held a series of roundtables between its members and borough leaders on the theme of housing partnerships. The aim of the roundtables was to get a better understanding of the challenges and opportunities to partnership working between the public and the private sector. Each roundtable focussed on a different aspect of housing partnerships such as trust, procurement, and social value, and this was supplemented by two further discussions focused on specific types of development – estate regeneration and build to rent. These roundtables provided a snapshot of the issues that have historically created barriers to the formation of partnerships and the reasons why some have flourished, the details of which are explored below.

Challenges

Establishing a partnership can be challenging and even once formed, there are several issues that can prove to be difficult to address. Clearly the longer the duration of the partnership, common to many estate regeneration schemes, for example, the more likely that the partnership may encounter changes in circumstances beyond its control, such as a recession.

Procurement

The procurement process and in particular use of the Official Journal of the European Union (OJEU) process can be complex and time consuming but is often necessary to ensure that due diligence in relation to the establishment of a partnership has been undertaken. Different local authorities will have different levels of appetite for risk and the need to demonstrate value for money may lead some to choose a partner via one procurement process over another. However, a lengthy procurement process does not automatically equate to obtaining best value and, at a time when potential bidders may not be able to justify the significant costs associated with a detailed, multi-stage procurement process, consideration must be given to the use of simplified and cost-efficient processes which can achieve the same outcome. If procurement is required, the exact process used should be guided by the end goal that the local authority is seeking to achieve. Adaptation is key; if there are new and innovative ways to deliver housing through partnerships, the processes by which this happens must reflect this.

Trust

A partnership cannot be built solely on the basis of a legal framework; the relationship that is established between partners is crucial if the partnership is to succeed. Lack of communication, conflicting objectives and the inability to compromise can all lead to diminished levels of trust between partners that impact the partnership both during the construction phase and on completion, where one partner may feel they have been left to pick up the pieces. Furthermore, trust is not just an issue between the different partners it is also an issue between the partnership and the community. If, for example, a development fails to deliver tangible community benefits that have been promised such as an agreed level of affordable housing or community facilities, this will generate a lack of trust from the local community, fostering a sense of scepticism about the scheme and new development in general.

Community vs commerciality

When entering into a partnership, local authorities will have the interests of their communities at the forefront of their minds. The delivery of new homes, but particularly affordable housing, community facilities, improvements to the public realm, and wider socio-economic objectives will all typically be issues that will need to be addressed. This political desire to maximise as many benefits as possible from the partnership will need to be balanced by the commerciality and deliverability of the scheme. While, in theory, this can create tension between partners, if the partnership is forged on shared objectives and trust, such issues can be resolved.

Selecting the right model

Partnerships are not homogenous. While a number of partnership models exist (discussed in more detail in section 4), selecting a particular model will not automatically guarantee the desired outcome. The model of partnership used must be moulded around the requirements of the partners and the parameters of the individual scheme.

Opportunities

Done well, a partnership can deliver a range of benefits. These benefits not only apply to the parties directly involved such as the provision of extra resources and an ability to share and manage risk but can also apply to the wider community; by the partnership unlocking broader economic and social benefits to the local area where the development is taking place.

Resources and expertise

Partnerships enable each party to access resources and expertise it may not have in house. For local authorities this may be particularly important at a time when resources are increasingly constrained, providing access to architectural expertise and development management services, for example. Equally, for the private sector development partner a local authority will often be providing land and or assets that may otherwise be inaccessible or hard to secure, along with a strong community network and experience of how best to engage with the wider community.

Managing risk

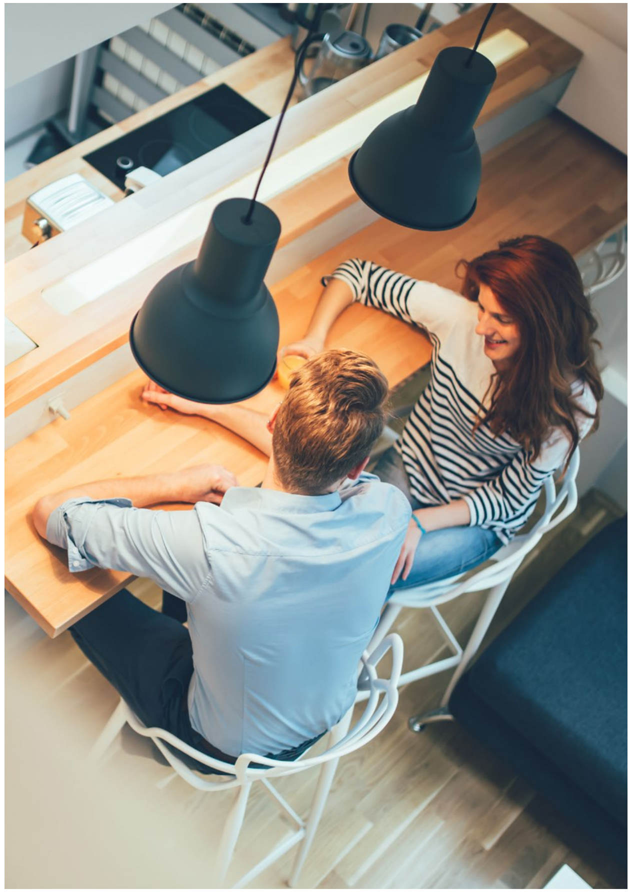
Partnerships not only mean a sharing of resources and expertise, but also a sharing of risk. Risks will be fully appraised from the outset to ensure that the project is feasible and that expectations can be met. The level of complexity of a development may increase the associated risk and therefore influence the commercial decision to seek a partner to help manage the risk. When partners share the risk, they also share the reward which will act as an incentive to the partnership to deliver the development.

Funding

Delivery through a partnership can provide the benefit of a private sector partner that has experience of accessing wider sources of debt funding compared to that which a local authority may typically have. In addition, and depending on the scale and type of development, the project may generate long term revenue for the local authority which can be used to subsidise costs and or reinvest in other areas.

Scale and lasting community benefits

Delivery through a partnership can optimise the scale of development and the benefits to residents and the wider community; not only through delivering more homes, but also through, in some instances, the regeneration of an area. Partnerships are well positioned to collaborate to provide better physical and social infrastructure which can deliver real change rather than only incremental



improvements. It is the comprehensive nature of what the partnership can offer that helps to ensure that the long-term benefits of the development are felt by the local community.

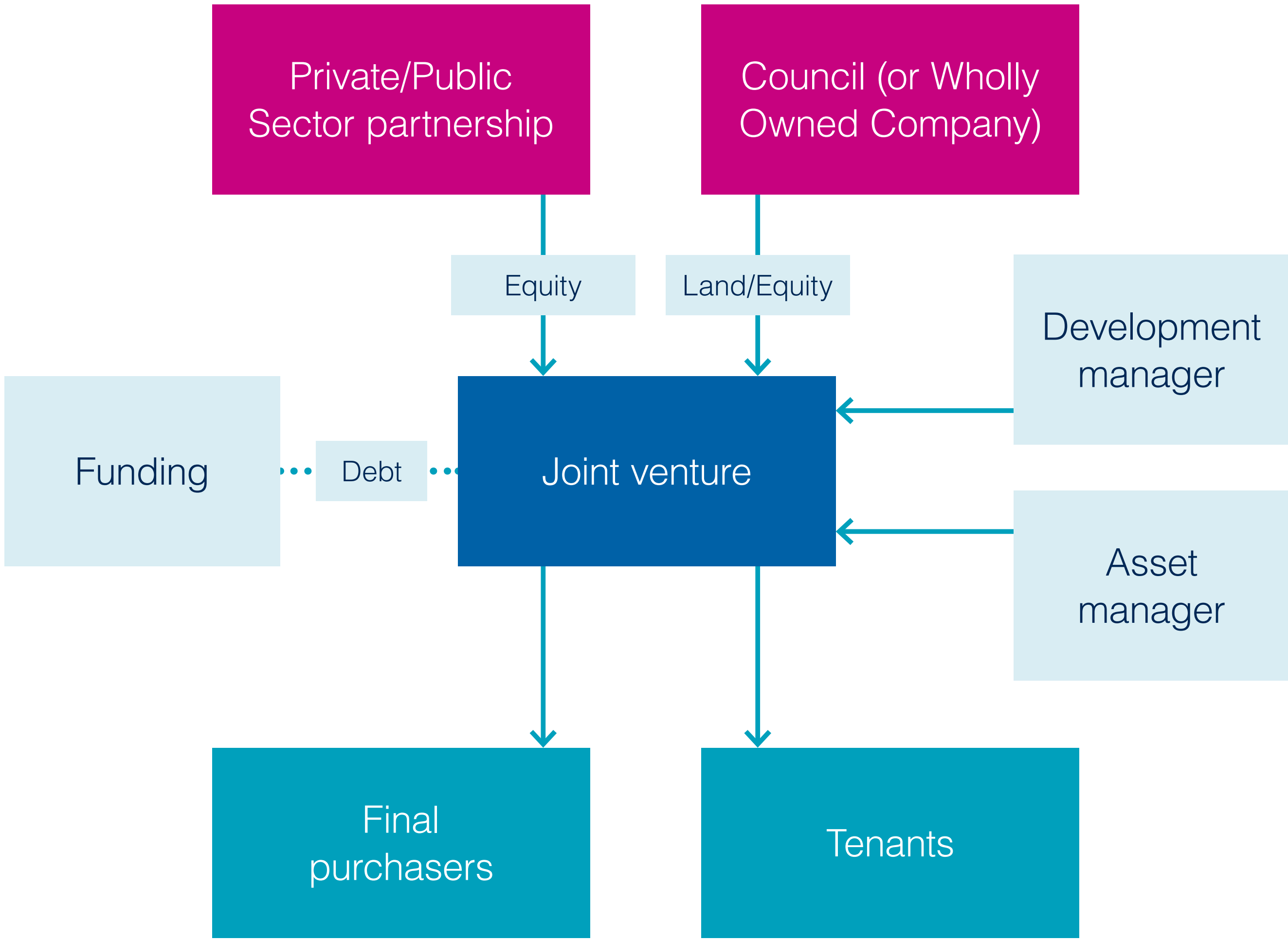
4: Partnership models

Housing partnerships can take a variety of different forms. Even when a local authority is acting as a developer, it will, in effect, form a number of partnerships (governed by contract) to build new homes. These traditional models – so-called, local authority led and a wholly owned company (WOC) – are not the focus of this report but are briefly covered in Annex A. Beyond the direct delivery model, the most common form of housing partnership in London involving the public and private sector is the creation of a joint venture (JV). This section outlines the typical structure of a JV and highlights three variations of the JV approach that are often used: development-led, investor-led and strategic partnerships. The three models are further explored through a series of case studies found in Annex B. Whilst the case studies are predominantly London-based, national examples are also used to highlight the key attributes of the different models.

Joint venture (JV)

Typically, a JV sees a local authority procure a partner to incorporate a new JV company to deliver a development, with both parties sharing the risks and rewards that are generated (see Figure 1). It is generally the case that ownership of the entity's assets and liabilities are controlled 50:50 between the partners. Where aims and objectives align, this offers an opportunity for local authorities to secure a longer-term return on land while retaining control of the overall development.

Figure 1 - typical JV structure



New development projects present many uncertainties as well as opportunities so sharing the set up and operating costs can spread the risk. The principal advantage of a JV is the scope for local authorities to access finance, skills, and experience from a JV partner which it may not have access to in-house. However, the appointment of a JV partner can require complex procurement processes, meaning the establishment of JVs can be slow and exiting the partnership may also be complex.

Variations of a JV approach

Whilst a typical JV is a 50:50 partnership between the local authority and it's chosen partner, the level of control the local authority chooses to exercise can vary. Set out below are variations to a JV approach in which the local authority enters into an agreement with a "development", "investment" or "strategic" partner. These types of partnership arrangements are not often referred to as a JV but have similar characteristics to that of a JV approach.

Development-led

A development-led agreement will see a local authority enter into an agreement with a "partner", typically a developer, to purchase land in return for a cash receipt. The agreement will stipulate that the partner must develop the site within an agreed timeframe. At practical completion the local authority may take a share of any overage (super profit over and above that of the developer profit); or in some cases, the developed affordable housing may be provided in lieu of their profit share. The element of profit sharing is a hallmark of partnership although the local authority will pass over the majority of control under this type of relationship.

Investor-led

Under this scenario a long term investor will forward fund a development and take a share of the development risk, with the local authority taking on the long term operating risk for the completed development. In this instance whilst there is a sharing of risk, there is more flexibility to vary this risk share during both development and operation than with a straight 50:50 JV. There have been a number of different investor-led structures established but to date the most prominent structure has been an "income strip agreement" in which:

- an investor, typically a pension fund, takes a long-lease over land owned by the local authority;
- the investor forward funds the development, via the local authority, to the construction contractor;
- the local authority agrees to lease the developed assets at practical completion over a term agreed with the investor; and
- at the end of the term the asset reverts to the local authority for a nominal sum e.g. £1.

Strategic partnership

Some JVs are set up on a development by development basis, but some local authorities may take a longer term perspective and secure a "strategic development partner". In this instance the local authority may choose to set up an Limited Liability Partnership (LLP) with its strategic partner, in which both partners will put forward development and investment opportunities.

The partner, which may be any type of developer or investor, will consider the viablity of the opportunity before agreeing with the local authority to undertake the development. At practical completion, the council with its partner will choose whether to sell or retain the assets. If the assets are retained, these may be transferred into the investor's ownership, the council's HRA or housing company, or a joint venture between the two. These types of strategic partnerships are becoming increasingly prevalent as local authorties look to make cost savings related to procurement of services.

What type of partnership?

As table 1 (below) shows, there are lots of different factors that a local authority will take into consideration when determining what type of partnership it may want to enter into.

Table 1 – Partnership models

Traditional JV

Benefits

- Sharing of key risks with a JV partner(s) e.g. in particular, those relating to development, operation and funding.
- Retains element of control over planning and type of scheme delivery.
- JV partner may provide additional experience and expertise.

Considerations

- Sharing of rewards i.e. dilutes profit for reinvestment.
- Reduced control and decision-making powers.
- Increase cost relating to administrative process.

Development-led

Benefits

- Ability to deliver the scheme with land investment only.
- Delegate risk relating to development and funding.
- Opportunity to share an element of profit.

Considerations

- Reduced control over planning and type of scheme delivery.
- Reduced input into quality of scheme delivery.
- Reduced control over scheme delivery timetable.

Investor-led

Benefits

- Retains control over planning and type of scheme delivery.
- Investor/partner may provide additional experience and expertise to reduce development risk e.g. through their own scheme viability assessment and management processes, ensuring scheme is delivered to the local authority's specification.

Considerations

- Long-term funding may reduce the flexibility to re-finance.
- Council may retain an element of operational risk.
- Potential inflation risk e.g. if lease payments are indexed-linked under an income strip structure.

Strategic Partnership

Benefits

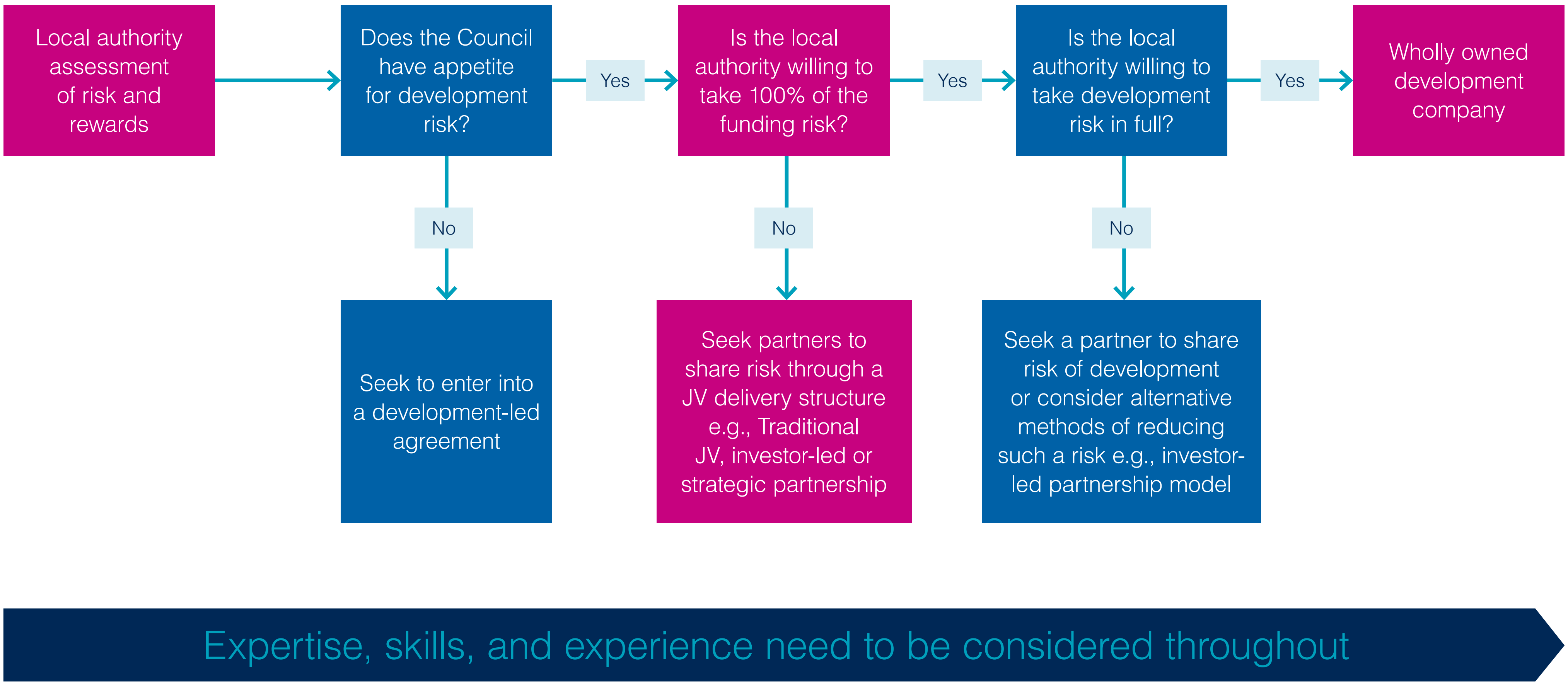
- Sharing of key risks with a JV partner(s) e.g. in particular those relating to development, operation and funding.
- Greater flexibility to raise funds.
- JV partner may provide additional/ wider experience and expertise over a longer period of time.

Considerations

- Sharing of rewards i.e. dilutes profit.
- Long term relationship where there may be reduced control and decision-making powers.
- Increase costs relating to administrative process.

Additionally, figure 2 below sets out, at a high level, the type of questions that a local authority will need to consider when bringing forward a development in terms of the delivery structure it should use.

Figure 2 – illustration of delivery structure decision process



5: Conclusion

Partnerships have the potential to unlock significant developments, bringing wider economic and social benefits to an area, in addition to much needed new homes. They are a complementary tool for local authorities to that offered by the direct delivery model and, crucially, one that lends itself to scale and ambition. As London and the rest of the country starts to focus on rebuilding the economy following the pandemic, partnerships can offer:

- An opportunity to share and mitigate risks.
- Access to a range of funding sources providing greater flexibility to raise funding or the ability to deliver a scheme with land investment only.
- Access to skills and expertise that can be shared and exchanged between both parties thereby reducing costs associated with procurement.
- Delivery of a scheme at scale which can bring wider social and economic benefits to the local area.

Partnerships are not a one size fits all, their frameworks may not suit all local authorities and choosing the right framework will be pivotal to their success. However, partnerships represent the opportunity to maximise resources, secure long term delivery and effect a positive change for those who take the decision to enter into them.

Annex A: Traditional local authority structures

Traditional local authority structures are typically used for the delivery and management of residential and community facilities on a small and medium scale. They comprise two types; in-house/local authority led and a wholly owned company (WOC).

Under the in-house/local authority led structure, the local authority borrows, typically, from the Public Works Loan Board (PWLB) to fund the development. The development may be governed by a development agreement with a contractor. The local authority will be responsible for sourcing funding, finding a construction contractor, managing the development, and ultimately being responsible for delivery. An increasing number of local authorities are using their HRA to develop or invest in new council homes, following the loosening of borrowing caps within the HRA.

Within a WOC structure, which could take the form of a holding company with subsidiary companies or a single trading entity, the local authorities will typically fund the WOC through a combination of debt and equity.

Delivery through a WOC is designed to reduce the council's exposure, whilst maintaining a strong degree of control. Typically, the council is the 100% shareholder in the WOC. The WOC is a corporate entity and will generally have a board of directors, appointed by the council, made up of officers, members, and non-executive external appointees.

Where a WOC is used as a trading company, local authorities benefit from a simplified company model where future profits from a WOC can be paid as dividends to them as shareholders or retained and re-invested by the company.

Due to the structures being relatively simple, there is a view that quality can be more easily assured, as there is greater accountability for the development. When compared to JVs, the speed of set up is comparably quick with no need to identify a JV partner. However, a WOC will incur greater establishment and administrative costs when compared to in-house delivery.

London Borough of Lambeth and U+I PLC

Clapham One

Key Features

- A development-led partnership between Cathedral Group now U+I PLC and the London Borough of Lambeth.
- 199 homes to be delivered with 44 affordable homes.
- Creation of a new public library including performance space and community rooms, new public leisure centre and NHS medical centre.
- Profit from the sale of the 199 homes (including the homes to Notting Hill Genesis) paid for the turnkey delivery of the library and leisure centre and a cash overage payment to the London Borough of Lambeth.

The scheme, completed in 2012/13, comprised two sites that had failing buildings on them, owned and managed by London Borough of Lambeth (LBL). The scheme, designed by architects Studio Egret West, provided Clapham with a new highly sustainable leisure centre, a state-of-the-art library, a family health centre and high-quality residential accommodation including 22% affordable housing.

The partnership meant that the developers were able to secure £35m of funding, including loan finance from the Homes and Communities Agency's (now Homes England) Kickstart programme and pre-sell £46m of the development before construction began, de-risking the scheme and guaranteeing LBL their new library and leisure centre at no cost to the public purse.

U+I and United House were selected for their creative development and delivery experience and their ability to design a scheme that maximised commercial benefit for the benefit of the delivery of new public services across two sites that previously were liabilities for LBL. Clapham One was awarded Best Mixed-use Development at the International Property Awards as well as 11 other awards for its architecture, housing design and the quality of its facilities.

Royal Borough of Windsor and Maidenhead and Countryside Properties PLC

Maidenhead Town Centre Regeneration

Key Features

- A partnership between Countryside and RBWM.
- C.1,200 homes over four sites, with each site delivering its own percentage of affordable housing.
- 20,000 sq ft Cultural Quarter, vast commercial and community uses.
- New visual and physical connection between the York Stream and the Town Centre through the delivery of an accessible promenade and highway improvements to encourage pedestrian and cyclist movement.

Countryside and RBWM have formed an equally balanced partnership board as the platform to agree whether a site will be brought forward under a JV or a development agreement. This allows both parties to bring complimentary skills and to add additional sites for development at any point.

The partnership board shares specialist expertise to maximise affordable housing utilising unallocated s106 commuted sums from other development.

Countryside worked closely with the Council to develop a strategy to utilise these funds and to deliver additional affordable homes for York road. The partnership has been a catalyst and set the standard for a wider masterplan of the town centre, taking into consideration the significance of the retail and commercial offer. A wider masterplan also guarantees cohesion amongst the developments and the rest of the town centre.

A comprehensive engagement programme with local stakeholders, amenity groups and the local public was managed and attended by both RBWM and Countryside and which allowed the partnership to obtain qualitive feedback on the proposals. Countryside also works closely with all major landowners through the Councils Developer's Forum to minimise the disruption within the town centre during construction.

The partnership is committed to providing opportunities and support for the local community. Social value outcomes are reviewed at the partnership board and

initiatives so far include sponsorship and PPE donations to a local hospice, the installation of footpaths on behalf of local businesses to ease new restrictions due to COVID regulations and funding of the redesign of a local homeless shelter's gardens to allotment space. It is anticipated that the scheme will complete in 2026.

Wandsworth Borough Council and Taylor Wimpey

Winstanley & York Road

Key Features

- A development-led partnership between Wandsworth Borough Council and Taylor Wimpey.
- Planning for around 2,700 homes with 35% affordable.
- Multiple phases which will deliver 47,000 sq ft of flexible commercial space and a community hub with swimming and leisure facilities, a library, children's centre and medical centre.
- 2.49 hectares of landscaped parkland, improvements to connectivity as well as new jobs, education and training opportunities.

In 2013, the Winstanley and York Road (WYR) Estate was identified by Wandsworth Borough Council (WBC) as a priority neighbourhood for regeneration, historically having suffered from poor-quality housing leading to widening socio-economic gaps and increased incidences of crime and health related issues. In 2017, Taylor Wimpey was selected by WBC as their corporate JV partner following a year-long OJEU procurement process.

Taylor Wimpey work closely with WBC to set and manage expectations. As a result, it was decided that Taylor Wimpey would fulfil all the roles specified within the Development Management Agreement including development of design proposals, management of the entire planning process and key stakeholder engagement.

WYR is being developed with the surrounding community at the forefront of every decision. This is seen through the re-provision of all council rent and resident leaseholder homes and new council homes will be built to match the housing needs of the existing residents eliminating over-crowding and ensuring homes are fully adapted to residents' physical mobility needs. The creation of a new public park is at the heart of the development.

Totalling 2.49 hectares, this new open space will offer a greater range of amenity and increased accessibility, enabling many more homes to benefit from its use. Overall, the scheme will have significant economic benefits, including in excess of 388 net additional permanent jobs and gross value added (GVA) to the local economy of £207.6m.

Newcastle City Council, Newcastle University and Legal and General

Newcastle Helix

Key Features

- An investor-led partnership between Newcastle City Council, Newcastle University and Legal and General.
- 400 new homes for rental and sale.
- 200,000 sq ft of Grade A office space, new hotel and high-quality build to rent.
- A knowledge-led, sustainable environment over a 21-acre regeneration site.

Legal and General (L&G) invested directly into the partnership with no third-party developer involved. A joint venture was created between L&G, the existing partners of Science Central LLP, Newcastle City Council and Newcastle University with each partner holding a 1/3 of the shares within the JV. The public sector bodies were engaging with L&G as an investment partner rather than developer partner, so no procurement process was required.

L&G are investing capital into the JV and providing expertise from across their platform. Investment occurs via L&G's initial equity buy-in into the JV and lease-based funding for the first office building, reducing the cost of capital for this element. Partners are then able to provide an additional development capital as required in the form of preferred equity into the JV at a fixed, rolled-up coupon.

The key objectives of the first phase of the partnership are to deliver the two office buildings. The first office block, 'The Lumen', delivered in Q4 2020 is let to Newcastle Council on a 40 year 'income strip' lease and sub-let to a variety of relevant occupiers. This has been funded by L&G at cost meaning the rent is set at 60% of market rent. The council are expecting to generate a considerable profit rent from this, as well as the revenue stemming from Newcastle Helix being an Enterprise Zone.

L&G are speculatively developing and funding the second office building, 'The Spark', thereby sharing the overall risk with the Council.

The key objective of the partnership is to create a sustainable, knowledge led development. Newcastle Helix demonstrates the key benefits of an investor-led approach;

access to sufficient capital where L&G as a long-term investor has the scope to deploy further capital for the future phases of Helix, place-making and curating the development for the long term and reduced cost of capital through the flexible structuring of the full range of L&G's internal capital sources. This ensures that the partnership is simultaneously able to deliver genuinely affordable accommodation (in this case offices but could be homes) and take full development risk.

London Borough of Lewisham and Grainger PLC

Besson Street, Lewisham

Key Features

- Strategic partnership incorporated as a LLP between Grainger PLC and Lewisham Council.
- 324 homes including 35% affordable (let at London Living Rent levels).
- 5,000 sq ft of shared amenity space, including a residents' lounge, gym and co-working space.
- Flexible retail and commercial floorspace, a pharmacy, a GP surgery and new community space for the New Cross Gate Trust.

In early 2018, Lewisham Council selected Grainger PLC as their investment partner to form a long term 50:50 joint venture to own, deliver and operate build to rent schemes across Lewisham. Besson Street in New Cross is the flagship scheme for the joint venture and will deliver 324 rental homes, including 35% at affordable at London Living Rent (LLR) levels.

The joint venture will own and managed both the affordable and private homes within the development, which will be mixed across all buildings. Homes will be built to the same specification and all residents will have the same service offer and access to amenity.

The scheme includes the development of a new GP surgery, pharmacy and community space that will be long leased at a nil rent to the New Cross Gate Trust, a local community charity providing a sustainable long-term income stream for the Trust.

Grainger is providing the development, asset and property manager services to the partnership as well as all development financing to the joint venture.

The scheme will be refinanced on completion when both Lewisham and Grainger have the option to provide 50% of the schemes long term financing. 50% of all net rent will be passed to the Council, providing a secure, long term revenue stream. Construction is expected to start in Summer 2022 with first completions anticipated in 2024.

London Borough of Hammersmith and Fulham and A2Dominion

West King Street, Hammersmith and Fulham

Key Features

- Strategic partnership in the form of an LLP between A2Dominion and London Borough of Hammersmith and Fulham.
- 204 homes of which 51% are affordable.
- Creation of a new four-screen cinema, with room for cafes, shops and restaurants, new public rooftop bar and restaurant and new community art and event spaces.
- Affordable, flexible office spaces for start-up businesses and new corporate offices. Buildings will be inclusively designed to ensure full access for disabled people.

Starting on site in 2020, this strategic partnership between A2Dominion and LBHF, the equity is based on the site value. The Council's upfront contribution will remain in the scheme whilst A2Dominion will finance the planning application and construction to the point that equity is equalised resulting in both parties completing the development contributing 50/50 cash each.

A2Dominion is providing both the financial management function to the LLP as well as the development management function. A2Dominion will purchase the affordable housing from the JV and LBHF will 'purchase' the non-residential element. The JV will sell the PD and split profits equally.

A key element of this development is the objective to achieve a fully accessible Town Hall and civic campus. Barriers faced by disabled people in using buildings and public open spaces were raised early before plans were submitted and the close collaboration between the Disabled Residents Team and architects Rogers Stirk Harbour + Partners has ensured that robust solutions could be found to address these barriers.

Cambridge City Council and Hill

Cambridge Investment Partnership

Key Features

- Strategic partnership between Hill and Cambridge City Council.
- Over 1,000 homes being delivered across 21 sites. Initial target of 500 affordable homes target exceeded with 584 built, under construction or with planning permission to date.
- 18 homes to be delivered to Passivhaus accreditation, and a commitment that all future homes will achieve exemplar standards.
- Mixed tenure with a focus on optimising value for the Council, whilst maintaining excellence in design and place-making as well as unlocking unused assets.

Cambridge Investment Partnership (CIP) was founded in 2016 as an equally owned LLP between Cambridge City Council and Hill, utilising Hill's Investment Partnership model, to deliver 500 affordable homes alongside additional homes for private sale.

The CIP model enables the Council and Hill to agree mutual objectives and share project risks whilst trading local insight and homebuilding expertise. Early engagement and joint working on planning has optimised the number of affordable homes on each site and both parties are empowered to jointly invest in purchasing and developing land to optimise value and procure profits in addition to maximising the value of land in the Council's ownership.

A key driver for the partnership was early provision of new affordable homes for the City which saw permission granted for 500 new affordable homes in the first year surpassing the Council's affordable homes target by 60%. The pace of delivery was achieved through close, transparent and collaborative working between Hill and the Council with the Council involved as an equal investment partner rather than a client.

The Investment Partnership was straightforward to set up and affords flexibility in decision making.

Anstey Way, CIP's first completed development provided 56 new homes for the City, 100% for affordable rent.

Regular engagement allowed the partnership to fully understand the key requirements while coordinating separate planning applications for different work elements and leveraging Hill's established supply chain.

This model provides the opportunity to demonstrate value for money, equally share development profit, generate long term revenue streams, unlock non-cash assets (unused sites) and enhance existing estates in liaison with local communities.

Kingston Borough Council and Countryside Properties PLC

Cambridge Road Estate, Kingston

Key Features

- A strategic partnership in the form of an LLP between Countryside and Kingston Borough Council.
- 2,170 homes being delivered of which 40% are affordable.
- An additional 114 council rented homes, 40,000 sq ft of community space including a community centre, neighbourhood retail and space to support growing businesses.
- Provision of new high-quality landscaping and play spaces, all within an enhanced estate layout to provide a brighter, safer neighbourhood.

In March 2020, Countryside and the Royal Borough of Kingston achieved an 86% resident ballot turnout with 73% voting in favour of the regeneration of the Cambridge Road Estate. This mandate was the product of close collaboration between the Council and Countryside utilising their respective talents and experience to build a high level of trust and the delivery of a clear offer to transform the quality of housing, community facilities and neighbourhood environment. A Completion Agreement puts in place a contractual JV between both parties ahead of the resident ballot. The agreement regulates responsibilities and ensures that both parties commit funds and undertake significant preparatory work to create an offer for residents as part of the ballot process.

Both parties worked closely together to develop and execute a carefully considered engagement and communications strategy. An onsite resident's hub was established early in the project as a visible and readily accessible space for residents to meet with the co-located Kingston and Countryside team. A programme of activity including a variety of workshops, exhibitions and informal social events encouraged dialogue with residents to tell the project team what they wanted from the design and the type of neighbourhood they would like to live in. Engagement with residents continues with their input having already helped to shape the masterplan and detailed planning applications for the first phase of the development.

As part of the JV, Kingston will provide the land and will receive the affordable housing. The Council will support residents throughout the regeneration process including, in preparation for each phase of the redevelopment, providing comprehensive support for households as they move, providing accessible and varied materials for residents to understand the redevelopment process, including translations and additional support to the most vulnerable and ensuring estate residents and neighbours have continued opportunities to give feedback on both the engagement process and the proposed masterplan.

Countryside will provide the design, project management, construction management and sales and marketing expertise. An LLP Board consisting of representatives from each partner has been formed with the purpose of carrying out the agreed business plan, agreeing strategy and making decisions within the parameters of the agreement. An Executive Group responsible for the day-to-day delivery of the project will be underpinned by a Community Board, the representative body for the community, ensuring their views are considered at every opportunity.

Southend-on-Sea Borough Council & Swan Housing Association

Better Queensway, Southend-on-Sea

Key Features

- A strategic partnership between Southend-on-Sea Borough Council & Swan Housing Association.
- Up to 1,760 modern new homes with approx. 30% affordable.
- New station plaza creating a gateway to the town and improved public realm including electric car charging points and greener energy generation.
- Up to 10,000 sq m of flexible commercial space, new uses to support residents including a nursery and opportunity to support the creative arts.

The 30-year joint venture partnership has allowed the Council to future-proof the development of the town, maintain ongoing governance of the area and provide significant influence over design, branding, disposal strategy, management, and procurement. This approach allowes the partnership to fund, deliver, and manage the regeneration whilst meeting the Council's vision to deliver the design, planning, construction, and long-term management of the Queensway regeneration.

Having carried out detailed public consultation and full OJEU compliant procurement process, the Council invested land into the LLP, secured Housing Infrastructure Funding and have assumed some risk, in return for commensurate reward. The Council's investment is balanced with Swan's investment through the LLP. As a 50/50 joint venture partner Southend's team work directly with the Swan project team, bringing local knowledge and existing relationships with stakeholders and stands ready to use its powers to enable delivery and support existing residents to transition into their new Swan homes. They will retain long term influence over the regenerated estate through the LLP.

Swan will design, secure planning and then build out and market the scheme through NU living, a subsidiary of Swan. Swan is securing Affordable Housing Funding through its strategic partnership with Homes England and acquiring the affordable homes. Swan will assume management responsibility of the entire estate for the long term. Their expert housing, resident involvement and community development and communications teams are supporting the wider social, economic and community ambitions. Work begins in late 2021.

Transport for London and Grainger PLC

Connected Living London

Key Features

- A strategic partnership between Grainger PLC and Transport for London.
- 3,000 new homes with 40% affordable.
- Innovative process encompassing modern methods of construction.
- Delivery of a substantial portfolio of Build to Rent homes.

In July 2019, a strategic partnership was established to deliver thousands of new homes on TfL's landholdings, following an intensive six-month public procurement process. Connected Living London (CLL), the joint venture between Transport for London (TfL) and Grainger, was established with the objective of becoming a leading London residential landlord. The partnership structure was designed to allow the appointment of a sole investment partner and the ability to grow a brand and consolidate future build to rent projects within it. The partnership also provides the flexibility to introduce third-parties or permit different percentage interests between the partners on a property-by-property basis.

CLL is targeting an initial tranche of 3,000 quality, well-designed, professionally-managed, sustainable homes in London, including 40% affordable. The partnership has achieved Resolution to Grant on over 1,000 homes already.

The partnership marks a step change in the public sector's approach to managing its estate. The coming together of public land and public and private funds will ensure much needed rental homes are delivered at pace. Innovation has been embedded in the partnership, evidenced by the organisational structure, the pursuit of modern construction methods, TfL and Grainger jointly development managing all sites, digital engagement strategies integrated into consultation, and policies that set out an ambitious course of action to deliver best practice highly sustainable developments.

The seed portfolio comprises six well-connected London sites, most with a unique railway infrastructure interface. To ensure successful delivery TfL's engineers have been embedded into the design process, ensuring consistency in legal terms and conditions. Owing to the nascent nature of the build to rent sector, CLL is proactively working with

policy makers to educate them on the benefits and ensure a pragmatic approach is adopted to safeguard delivery.

The venture will deliver substantial, secure and stable returns to its shareholders allowing TfL to reinvest considerable sums into the transport system. The delivery of the initial tranche of homes is expected to generate approximately £40m of Net Rental Income upon stabilisation.

Our mission is to make London the best city in the world in which to do business.

London First was set up by business leaders with the belief that by harnessing business assets we can drive positive change. We operate as a business campaigning force, with over 175 members, and are uniquely placed to champion the city:

- We've done it before: back in the 1990s, London's prospects looked bleak. Business leaders came together to lead when others wouldn't;
- We've achieved a lot: over the past three decades, we've campaigned for the creation of the office of London Mayor and Transport for London, for Crossrail, for congestion charging and for expansion at Heathrow; we incubated Teach First and created the UK's largest annual jobs and careers fair for school leavers, Skills London;
- We give London's employers a powerful voice, prioritising the critical interventions needed to keep our capital competitive and connecting with allies to create solutions that help our country succeed as one.

Now, we're stepping up once again. With our members – and the millions of people they employ in the UK – we are pursuing an agenda that will keep London at the forefront of global business, working with and for the whole UK.

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