

Stage 1: Analysis of Housing Green Paper options

1. PwC and Trowers started their analysis of the options and opportunities referred to in the Housing Green Paper with an assessment against key criteria to filter out those options which are not appropriate to meet the council's current objectives. Those options which are not suitable for the proposed scale of the project and were therefore discounted at this stage are as follows:
 - (1) Urban Regeneration Companies, which are focused on specific geographic areas in economic decline.
 - (2) Urban Development Corporations (UDCs), which are non departmental public bodies established under the Local Government Planning and Land Act 1980 with a broad remit to secure the regeneration of their designated areas.
 - (3) City Development Companies, which relate to city or city-region wide economic development.
 - (4) Single Estate Transformation Models, which focus on estates and the establishment of sustainable mixed communities. This would be likely to involve selective demolition; provision of new housing supply for home-ownership, market sale and low-cost home ownership; social rented and possibly council housing. Provision of new local infrastructure would also be likely, such as a community centre, health centre, recreational facilities and open space.
 - (5) Community Land Trusts (CLTs) were not recommended as the appropriate initial vehicle due to their very local geographic focus. The primary purpose of CLTs is to hold land and other assets to promote social, economic and environmental sustainability of a specified local geographical community, usually at neighbourhood level. Increased land value is retained and reused by the CLT for the benefit of its community. Members of the CLT would normally be drawn from the local community, as would a significant proportion of the board, and the CLT would report to the local community and be accountable to it in a variety of ways. As investment is required across the council's stock, it would be difficult to create the local geographic focus that is suggested for a CLT. However, three possible options were identified for including CLTs into an LDV structure at a later date, set out in section 5 below.

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2. Temporary to Settled Homes initiatives, which use rental income to repay borrowing that has been used to buy a home instead of going to a private landlord to pay for renting a property as temporary accommodation, were identified as possibly achievable but more difficult to deliver than some of the other viable options.
3. Local housing companies, local authority-owned companies, limited liability partnerships and strategic housing and regeneration partnerships met the initial assessment against key criteria and were then subjected to a more detailed analysis.

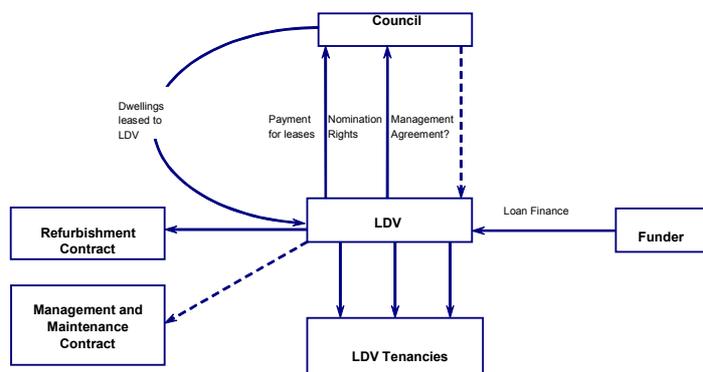
Assessment of LDV options against key criteria	Local Housing Company	Community Land Trust	Local Authority -Owned Company	Limited Liability Partnership	Strategic Housing and Regeneration Partnership	Urban Regeneration Company	Special Venture Vehicle	Urban Development Corporation	City Development Company	Single Estate Transformation Model	Temporary to settled initiatives
Suitable for proposed scale of project	✓	●	✓	✓	✓	✘	✓	✘	✘	✘	✓
Flexible and adaptable to meet future strategic objectives	✓	n/a	✓	✓	✓	n/a	✓	n/a	n/a	n/a	✓**
Potential to help meet current investment gap	✓	n/a	✓	✓	✓	n/a	✓	n/a	n/a	n/a	✓
Capable of raising finance	✓	n/a	✓	✓	✓	n/a	✓	n/a	n/a	n/a	✓**
Able to support refurbishment costs to meet required standards	✓	n/a	✓	✓	✓	n/a	✓	n/a	n/a	n/a	✓
Flexible to meet Council's responsibilities to a diverse range of client groups	✓	n/a	✓	✓	✓	n/a	✓	n/a	n/a	n/a	✓
Enables fast delivery of project	✓	n/a	✓	✓	✓	n/a	✓	n/a	n/a	n/a	✓**
Complementary to other Council strategic policies (e.g. Procurement)	✓	n/a	✓	✓	✓	n/a	✓	n/a	n/a	n/a	✓
Within Council's powers	✓	n/a	✓	✓*	✓	n/a	✓	n/a	n/a	n/a	✓
Capable of satisfying VFM	✓	n/a	✓	✓	✓	n/a	✓	n/a	n/a	n/a	✓

Legend

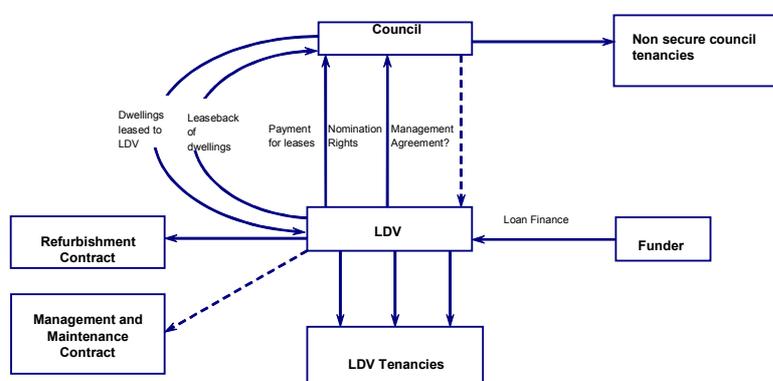
- This option has not been taken forward at this stage, but it has the potential for consideration in future projects.
- The council cannot set up the LDV as a Limited Liability Partnership solely to take advantage of this type of legal structure's potential tax efficiency.
- ** This option may be achievable but could be more difficult to deliver than some of the other viable options.

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4. The proposed structure would be based on the following, with the council deciding on the legal form of the vehicle and whether it would be a charity during the course of Stage 2 of the review.



An alternative structure with a leaseback arrangement would be as follows:



5. The above structures and options would not preclude a CLT being introduced to play a part in the future. Three possible ways of bringing a CLT into the structure in the future were identified, as follows:
- (1) Passing on the council's freehold interest in leased properties to a CLT, leaving the LDV in place. This could be made difficult by funding issues and the LDV inhibiting the CLT's ability to exercise its community role.
 - (2) Converting the LDV to a CLT. This could be impractical if the LDV's stock is scattered.
 - (3) Passing the lease or a sub-lease on to one or more CLTs, which would become the landlord of the properties. This seems the most practicable option and it would be possible for the main lease between the council and LDV to permit sub-leases to CLTs.

