To profit or not to profit

Keith Exford
To profit or not to profit

1. Compete or collaborate?
2. Creating cross subsidy
3. Four joint ventures
4. Lessons learned
Compete or collaborate?
• More for less - grant cuts
• For profit and not for profit providers
• Competition is good
• Collaboration and partnerships
• Shared risks and rewards
Creating cross subsidy
There’s no silver bullet...

...sub market housing requires subsidy
Creating cross subsidy

- To regenerate time expired stock
- To subsidise new affordable homes through
- Schemes for outright sale
- JVs through limited liability partnerships
6500 homes in our pipeline
Graylingwell Park, Chichester

- A 50:50 LLP JV with Linden Homes
- 800 new homes on an HCA site of 34 ha
- 40% affordable – 50% rented/sh. ownership
- 20,000 sq. ft. community space
- 10 phases
- GDV £250m+
Master plan

Creating a whole new community...
Awards

Housebuilder Awards 2010
Best Low or Zero Carbon Initiative

RTPI
Best Community Engagement

Sustainability Awards 2010
Best Low to Zero Carbon Initiative

First Time Buyers Readers Awards 2011
Runner Up – Most Eco Aware Project

What Homes Awards 2011 - Gold Best Sustainable Development
- Silver Best Brownfield Development

Seal of Excellence
Ramsden and Wilmington regeneration

- Two schemes in need of re-modelling
- Poor layout, design, reputation - end of life
- Our ‘Golden Rule’: self financing
- Limited grant available – profit to gap-fund
- Aim is mixed tenure and income
- Joint venture lessons from Graylingwell
Ramsden, Orpington

- 3rd phased of mixed tenure scheme
- 1970s London overspill
- 111 new homes - 
  - 44 social rent
  - 14 sh. ownership
  - 53 private sale
- 50:50 JV Linden Homes
- £2.26m grant
Wilmington, Haywards Heath

• Mixed tenure scheme replacing 109 homes
• 1960s systems built, ‘Radburn’ layout
• 186 new homes - 71 Affordable, 115 sale
• 50:50 JV Linden Homes
• £3.5m grant
• c.30% complete, sales going well…
City Road, Islington

- 50:50 JV with Mount Anvil
- 307 new homes - 37 social rent
  - 70 shared ownership - 200 private sale
- Zero grant
- GDV £160m
- 36 story tower designed by Skidmore Owings & Merrill
- Penthouses sales targeted at £1500 sq. ft.
Lessons...
Lessons learned overall

- Shared risk, joint responsibility
- Truly equal partners?
- JV working relationships not instinctive – need time
- Recognise each others strengths
- HA financing advantages and opportunities
- Service charges and ‘public realm’
- Values don’t yet reflect cost of eco features
Lessons learned - design

• Keep design brief under review
• Keep sales spec under review
• Take expert advice
• Thorough investigation into new technologies
• Right technologies for social settings?
• Lifetime costs v capital costs
HELPING PEOPLE

PUT DOWN ROOTS