

16th April 2019

LEGAL & GENERAL INVESTS £44.6 MILLION INTO HOUSING FOR HOMELESS FAMILIES IN CROYDON

Legal & General announces an innovative partnership with Croydon Council to provide 167 homes for families on the housing waiting list. These homes, a mixture of houses and apartments in Croydon and neighbouring Boroughs, will be leased to Croydon Council on a 40-year term, after which time they will belong to the council. Rents will be set at Local Housing Allowance ('LHA') levels. The partnership is supported by a £44.6 million investment from Legal & General.

The homes will provide much-needed stability for local families and residents, many of whom have been living in emergency accommodation. The partnership will mean better outcome for Croydon families in housing need as well as creating around £20 million in savings for the council.

With waiting lists for UK affordable homes reaching over 1.3 million, and over 2,000 families requiring Temporary Accommodation in Croydon alone, Legal & General is delighted to be creating a blueprint for institutions and the public sector to work together to tackle the UK's housing crisis. Legal & General's investment, which requires no Government affordable housing grant and does not rely upon Section 106 contributions, represents a first for the sector and an innovative new model that could be rolled out across other London Boroughs and UK local authorities.

The investment, being made on behalf of Legal & General Retirement Institutional, provides an excellent match for Legal & General's long term annuity and pension commitments. It demonstrates the positive social impact that a proactive local authority and long-term investment can deliver, enabling Croydon Council to meet its affordable housing needs and reduce the burden on the public purse.

The homes will be managed by Croydon Council's housing team and offered to those on the council's housing waiting list. Legal & General were advised by Savills.

Councillor Alison Butler, Croydon Council's cabinet member for Homes and Gateway

Services, said: "The council set up Croydon Affordable Homes so hundreds of local families can get good-quality homes with secure tenancies, and Legal & General's investment will save us around £20m in loan costs that means we can assist even more families in the long term.

"At a time when the Government is squeezing how much it funds local authorities, this innovative partnership offers us better value for money than more traditional loans available to councils, and I hope this encourages other councils and financial institutions to follow suit."

Pete Gladwell, Head of Public Sector Partnerships at Legal & General said: “We want to enable society to shape its future through our investments; investing into sectors where we can make a real difference. This means enabling some of the most vulnerable in society to shape their world by providing stable addresses to apply for work from, and a kitchen table where their children can study. Partnerships like this, between forward thinking institutions and local authorities, can also turn statutory duties such as the provision of Temporary Accommodation from revenue drains into revenue generators, enabling councils to take control of their finances. Having launched our new affordable housing business last year, this investment highlights our continued determination to innovate within the sector and to work together to address the UK’s chronic housing crisis.”

Eleanor Bucks, Managing Director, Direct Investments and Real Assets, Legal & General Retirement, said: “We are delighted to be partnering with Croydon Council and investing in much needed local housing. We are committed to investing in the UK, particularly where we can play such an important part in people’s daily lives. This is a great demonstration of our purpose to deliver inclusive capitalism, using our assets in an economically and socially useful way. We have been able to support our long term pension commitments whilst improving lives by developing a structure that is beneficial to Croydon Council and its residents.”

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Notes to editors

LGIM Real Assets

LGIM Real Assets is a division of Legal & General Investment Management (LGIM), one of Europe’s largest institutional asset managers and a major global investor. LGIM manages £1tn in assets (as at 31 December 2018), providing products and solutions spanning all asset classes. LGIM Real Assets, headed up by Bill Hughes, has AUM of £31.4bn (as 31 December 2018), actively investing and managing assets across commercial property, private residential, infrastructure and property lending and, most recently, corporate credit.

Legal & General Group

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1 trillion in total assets under management, we’re the UK’s largest investment manager for corporate

pension schemes and a market leader in pensions de-risking, life insurance and workplace pensions. We have also invested over £19 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.

Croydon Affordable Housing

The 167 homes are mainly two- and three-bed flats and houses, plus a four-bed house and a five-bed house, all of which are for Croydon families previously in temporary accommodation and are run by Croydon Affordable Tenures, part of Croydon Affordable Housing, a local housing charity set up by the council.

In addition 96 properties which were purchased by the council and used for temporary accommodation were transferred to the partnership with CAH, and over 300 new-build affordable rented properties will be delivered for CAH through Brick by Brick, the development company set up by the council that is building homes across the borough. A further 90 affordable homes are being developed for the partnership on the site of the former council offices Taberner House.

All rooms in the CAH-run homes meet the Mayor of London's space standards, and tenants get an assured shorthold contract instead of the usual six months with private landlords.