

13<sup>th</sup> JUNE 2019

## LEGAL & GENERAL BRINGS ITS FIRST AFFORDABLE HOMES TO MARKET

Legal & General Affordable Homes (Legal & General) announces that it has secured its first four affordable schemes, comprising 278 new homes in Croydon, Cornwall, Dunstable and Shrivenham. With an ambition to deliver 3,000 affordable homes annually within the next four years, Legal & General has also secured a further pipeline of over 40 sites across the UK, providing 1,500 affordable homes in the next 24 months.

The UK continues to suffer a growing crisis as 1.1 million households remain on waiting lists for affordable homes. With one in three low income earners having to borrow money to pay their rent, the steep decline in social housing has led to huge rises in government welfare costs as well as rising homelessness. Working alongside housing associations and existing providers, Legal & General remains committed to bringing long-term institutional capital to the sector to increase provision and raise overall service standards.

Social housing plays a vital role in meeting the housing needs of ordinary people, giving millions the quality, dignity, safety and security that they need. Stable housing builds stable communities. Institutional investors, such as pension funds, hold long-term patient capital and seek long-dated stable returns. Long-term capital is exactly the type of funding the sector needs to increase development activity whilst the affordable housing sector provides a long-term stable return - a natural and mutually beneficial fit.

With a business plan to develop, hold and manage a blend of affordable housing tenures, the transactions in Croydon, Cornwall, Dunstable and Shrivenham demonstrate the breadth of Legal & General's capabilities in the sector. Across the four sites, Legal & General will deliver social and affordable rental homes, grant-supported shared ownership homes and Section 106 schemes.

The first of these homes to be completed are in Leon House in Croydon and will be available from June 2019. This scheme comprises 50 shared ownership apartments in a sought-after central London location, 15 minute walk to East Croydon station.

A stated aim for Legal & General is to scale up the output of affordable housing through collaboration with best-in-class housing associations and Local Authorities. Meeting this objective, Legal & General's second acquisition in Cornwall represents an innovative new Joint Venture with Coastline Housing Limited ('Coastline'). With Legal & General's financial backing, this will support Coastline in its ambition to double its affordable housing completions to 600 per annum. The partnership's first scheme in Falmouth will comprise 44 affordable homes across two building phases, available from June 2019.



Legal & General Affordable Homes' other two schemes in Dunstable and Shrivenham are being delivered under Section 106 agreements. Phoenix Park in Dunstable will be available to buyers from Q4 2019, comprising 23 shared ownership apartments. Its scheme in Shrivenham has been acquired from Legal & General's own house building arm, Legal & General Homes. This will deliver 109 homes at affordable rents and 52 shared ownership units. Homes will be available during the first half of 2020.

**Ben Denton, Managing Director, Legal & General Affordable Homes, says:** "There is an urgent need to accelerate the delivery of new affordable homes. We have made a great start in executing our development programme, alongside building our customer service platforms. Today marks the real start of our journey as we deliver our first affordable homes, working alongside high quality local providers to tackle the growing crisis.

"As demonstrated by the scope and range of our acquisitions today and the significant pipeline we have secured, we remain committed to offering a choice of tenures to our future residents; deploying institutional capital at scale and pioneering new partnership models, such as the one we have set up with Coastline. This range of routes to market will help us meet our ambition to become a leading affordable housing provider in the UK and delivering the volume of affordable homes which the country desperately needs."

**Nathan Mallows, Director of Finance, Coastline Housing, says:** "This new JV partnership with Legal & General is the culmination of over a year of collaborative working; shaping an alliance that seeks to solve Cornwall's housing need through long term, institutional investment, coupled with local knowledge and management expertise. Providing excellent customer service and increasing the provision of affordable housing is a mutual ambition. We are looking forward to our first customers moving into their new homes as we roll out this new model for affordable housing delivery."

Across its business, Legal & General is committed to innovating with the social housing sector, in order to increase the provision of UK affordable homes. Today's news from Legal & General Affordable Homes follows LGIM Real Assets' announcement in April of a new partnership with Croydon Council, providing 167 homes for local families who were living in emergency accommodation.

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### Notes to editors -

#### **Legal & General Capital**

Legal & General Capital (LGC) is the early-stage investment arm of Legal & General Group. Investing from Legal & General's principal balance sheet, LGC's purpose is to generate long-term shareholder value by injecting new capital into key sectors where there has been a shortage of investment and innovation. Focused on Future Cities (including Urban Regeneration, Clean Energy and Infrastructure), Housing and Principal Investing (including SME Finance and Venture Capital), these key sectors reflect our aim to invest for the long term in economically and socially useful assets, to secure competitive returns and to create new asset classes for Legal & General's varied investment requirements, for our partners and for the wider marketplace.

#### **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.