

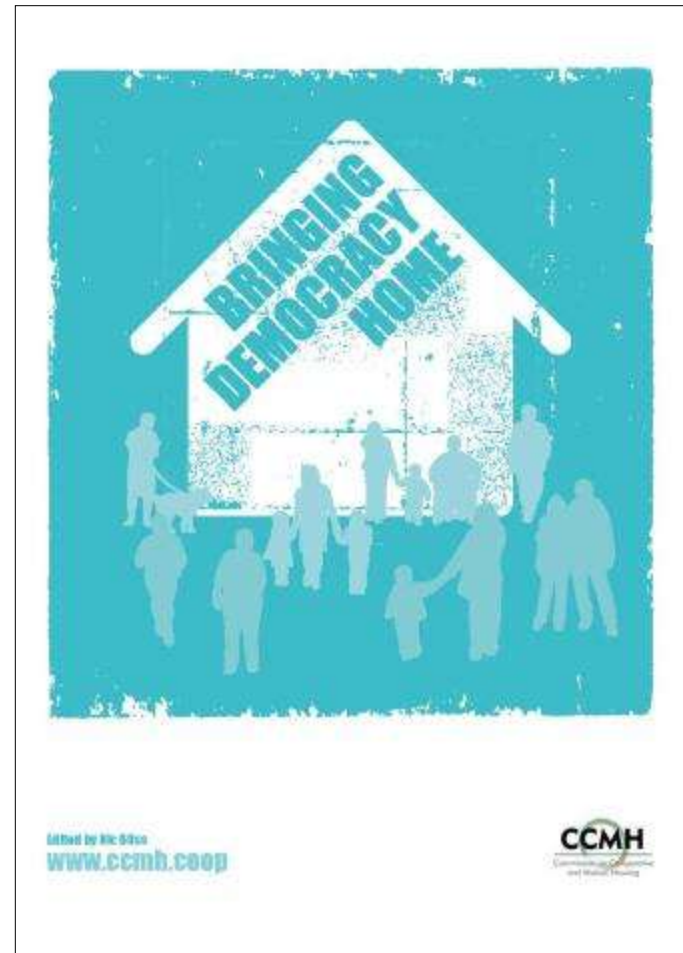


Developing New Co-op Homes

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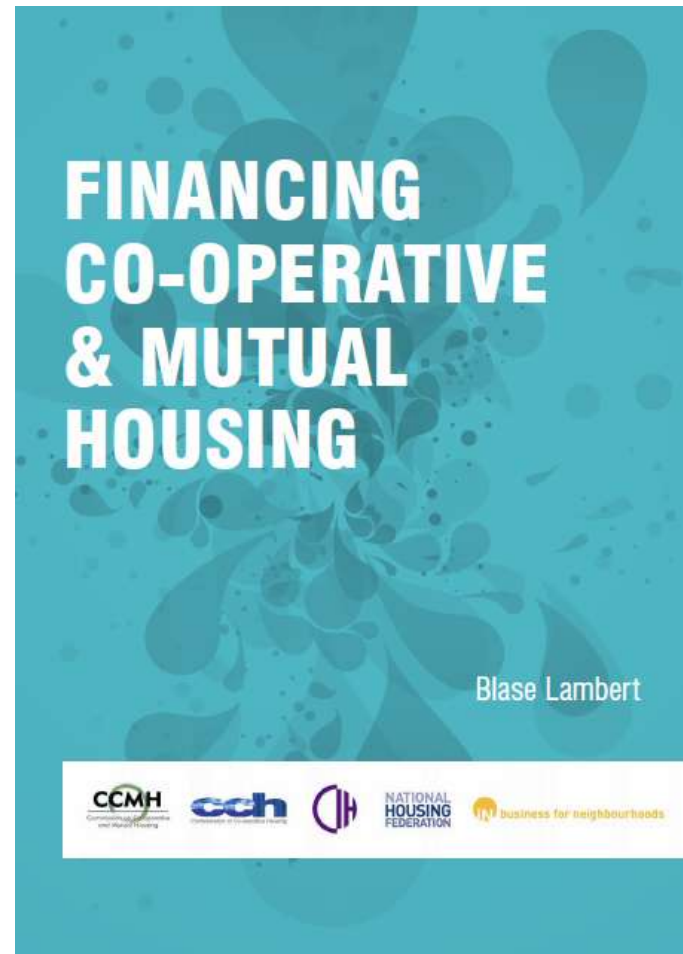
Bringing Democracy Home

- Chair: Adrian Coles - BSA
- Membership from across the social housing sector
- Final report 'Bringing Democracy Home'
- Establishment of the Mutual Housing Group in partnership with the HCA



CCMH Finance Group

- Identification of the challenges facing the existing models
- Analysis of financial models for developing co-operative & mutual housing
- Barriers to individual small scale schemes
- Proposals for large scale solutions



Current financial challenges

- Financing of social housing has been through a combination of debt & grant
- Risk linked to regulation, rents & Housing Benefit
- Basle 3 & regulation of the financial sector
- Does the 80% market rent model deliver?
- Tightening of public funding
- Renegotiation of existing bank facilities

What are the co-operative options?

Using grant, private finance, partnerships, asset base & reserves to develop

- Rental schemes at the redefined affordable rate
- Mutual home ownership and equity sharing mortgage schemes with variable equity stakes
- Mutual schemes for older people (rental or ownership)
- Mixed schemes of rental and leasehold ownership
- Elements of commercial, office and retail space

Barriers to individual schemes

We met with all the big lenders & funders

- The structure & appetite does not exist for funding multiple schemes
- Lending to new organisations is viewed as higher risk
- Sourcing and managing a large portfolio of small loans is resource intensive
- They do not want to have the resource requirement of dealing with default
- They have a preference to lending to regulated entities

The new generation of funding?

- Moving from bank debt to bond financing
- Institutional investors into housing – variable term bond issues or equity capital
- European Investment Bank
- The Big Society Bank?
- A national social housing bond to unlock capacity in non-developing organisations
- Sale & leaseback approach
- Equitisation of housing associations
- What can we learn from Europe?

Warehousing solutions

- Real Estate Investment Trusts
- A new 'Housing Co-op Bank'
- A consortia of housing associations
 - Combining multiple scheme funding requirements
 - Initial loan financing through development period followed by a refinancing in the bond market
 - Due diligence is undertaken by the warehouse
 - Development undertaken by housing associations with a commitment to co-operative & mutual housing
 - Support from local authorities (public assets)
 - Transfer to local management when accredited

Building Co-operative & Mutual Homes programme

- A £250m loan fund
- 1,500 and 2,500 homes across 30 to 50 new schemes
- Cross subsidy through land, grant and other resources
- Expression of Interest to local authorities & partner housing associations



Supported By:



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