

# 'Moving forward >>> Co-Ownership 2007'

Presentation by Alan Crowe, Chief Executive

Annual Review, 25 June 2007



# Moving forward > Co-Ownership 2007+

- Property purchases and sales both at a 10 year high
- Partnerships with social and private sector housing providers now bearing fruit
- Poised to deliver significant volumes of new build affordable homes



*Let's get Moving!*

# Year ending 31 March 2007

Our response to the property market

- **Significantly enhanced core services**
- **Challenged past assumptions about what works with our service and explored potential alternative products**
- **Worked in co-operation with fellow affordable housing providers to support mixed tenure**

Yet

- **Purchasing activity very constrained by incorrect property value limits**

Now

- **Awaiting policy outcomes from *Affordability Review* to innovate further**



# Year ending 31 March 2007

Significantly enhanced service in response  
to rising property prices

## Reduced upfront costs payable. Why?

- Only £250 needed upfront to buy
- No charge for our services
- Lobbied for 100% loans with  
“Co-Ownership friendly” lenders



*Let's get Moving!*

# Year ending 31 March 2007

Significantly enhanced service in response to rising property prices

## Reduced rent levels. Why?

- £1m less in rental income (1<sup>st</sup> year alone)
- Co-Ownership property purchase prices rose by 35% last year. Incomes didn't.  
Reduced rent enabled purchasers to bridge widening affordability gap as prices rose without a corresponding increase in income



*Let's get Moving!*

Property Value	Rent 2007	2006 equivalent	2005 equivalent
£ 150,000	£ 156.25	£ 171.88	£ 218.75
£ 155,000	£ 161.46	£ 177.60	£ 226.04
£ 160,000	£ 166.67	£ 183.33	£ 233.33
£ 165,000	£ 171.88	£ 189.06	£ 240.63
£ 170,000	£ 177.08	£ 194.79	£ 247.92
£ 175,000	£ 182.29	£ 200.52	£ 255.21
£ 180,000	£ 187.50	£ 206.25	£ 262.50
£ 185,000	£ 192.71	£ 211.98	£ 269.79
£ 190,000	£ 197.92	£ 217.71	£ 277.08
£ 195,000	£ 203.13	£ 223.44	£ 284.38
£ 200,000	£ 208.33	£ 229.17	£ 291.67
£ 205,000	£ 213.54	£ 234.90	£ 298.96
£ 210,000	£ 218.75	£ 240.63	£ 306.25
£ 215,000	£ 223.96	£ 246.35	£ 313.54
£ 220,000	£ 229.17	£ 252.08	£ 320.83
£ 225,000	£ 234.38	£ 257.81	£ 328.13
Rent charged @	2.5%	2.75%	3.5%

# Cutting costs

Powerful way to help more people onto the property ladder because it helps affordability

- Save £90 a month on rent
- Borrow up to £50,000 extra mortgage
- Reach the price bracket you need in order to buy



*Let's get Moving!*

# Year ending 31 March 2007

Significantly enhanced service in response to rising property prices

**Introduced administration fee for financial advisers.  
Why?**

- Recognises the increasingly important and beneficial role that good financial planning plays for our purchasers in today's diverse market, both at initial purchase and for staircasing
- Recognises the increasingly close working relationship that exists between the organisation and financial services professionals



*Let's get Moving!*

# Year ending 31 March 2007

Challenged past assumptions about what works with our service and explored alternative products

**Endorsed Co-Ownership as the foundation product, with potential for 'tweaks'. Why?**

- No alternative product with similar potential for innovation and flexibility
- Fits the differing needs of fellow affordable housing providers



*Let's get Moving!*

# Year ending 31 March 2007

Challenged past assumptions about what works with our service and explored alternative products

- Developed and are currently piloting our *Securing Properties* scheme, purchasing homes upfront to secure a supply of affordable homes in a rising market



*Let's get Moving!*

# Year ending 31 March 2007

Worked in co-operation with fellow affordable housing providers to support mixed tenure

**Supported and helped to bring forward refurbishment and new build schemes with a variety of organisations.  
Why?**

- To extend the reach of equity sharing even further
- Schemes now on the ground/start imminent with
  - Habitat for Humanity
  - Ark Housing Association
  - Rural Housing Association
  - Various private developers



*Let's get Moving!*

# Year ending 31 March 2007

Challenged past assumptions about what works with our service and explored alternative products

## Key

- Starter equity share from 25%
- More flexible share options at start and for staircasing
- Potential to reduce rents still further
- No longer just for traditional 1<sup>st</sup> time buyers
- Can meet an individual's changing housing needs eg. Flexible tenure, mortgage rescue



*Let's get Moving!*

# Year ending 31 March 2007

## Constraints on activity at last year's property value limits

1. Property acquisitions: 325
2. Staircasing: 856 (includes 52 partial staircasers)
3. Available to invest: £44m



*Let's get Moving!*

# Moving forward > Co-Ownership 2007+

Property value limits lifted from a ceiling of £150,000 from April 2007 to

- £225,000
- £180,000 depending on council area

Impact of uplift at 1 April 2007

1. Property acquisitions: at/above 600
2. Staircasing: at/above 600
3. Available to invest in property: £44m



*Let's get Moving!*

# Moving forward > Strategy 2007+

Building presence, communicating values

→ New message

- We are all about helping people to move on and upwards with their lives so 'Let's get Moving!'

→ New *Strategy*

→ New immediate *Action Plan*



*Let's get Moving!*

# Moving forward > Co-Ownership 2007+

Position at end of first quarter (June)

- Volume of activity is treble that of same period last year
  - 375 applications for property worth £65m
  - Properties committed to purchase: 400
  - Funds committed for this year: £35m



*Let's get Moving!*

# Our key messages in *The Strategy*

Basically, 3 things -

1. Policy
2. Delivery
3. Change



*Let's get Moving!*

# Our key message on policy

Strong working relationships with

- Government departments
- Politicians
- Communities

**This is about the people who  
fund our work**



*Let's get Moving!*

# Our key message on delivery

- Buy as many properties as we can afford
- Work to keep our service fast and effective
- Keep up with partnership initiatives
- Get the resources we need in place to do the job

**This is about the people we are here to house**



*Let's get Moving!*

# Our key message on change

Our people are our great strength  
(Board and staff)

- Improving how we do things operationally, where there's a benefit in doing so
- New team-based business planning, where everyone has a clear role and that role is clearly of value

**This is about how our in-house expert team can work hard and smart, that's what we want to do**



*Let's get Moving!*

# Moving forward >>>

The secret to an ongoing successful scheme

1. Sustained and consistent funding from government
2. Short term >>>  
uplift in property value limits mid year
3. Medium term >>>  
replace value limits with a solely affordability-based system
4. Capacity to respond quickly and flexibly to the needs and drivers of the private market



*Let's get Moving!*



# Co-Ownership Housing

*Let's get Moving!*

