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Affordable Housing with No Grant  
A Discussion with Westminster Housing Commission

Wednesday 24<sup>th</sup> May 2006

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## About Assettrust...

- **A private, long term buy and hold investor in social housing**
- **No Grant funding – privately financed**
- **Certainty of provision – no bids, quick to contract**
- **10,000 target by 2009**
- **RSL's provide all customer facing services**



## About Assettrust...

- **Social rent, intermediate rent, shared ownership**
- **S106's and market packages**
- **100% nominations to Local Authorities**
- **Security of tenure and rent regime**
- **Housing Ombudsman Service**
- **Housing Corporation Development Standards**



## Financing in the private market

**The challenge has been to borrow more efficiently...**

- **Persuade lenders to adopt cashflow approach**
- **Use future long term value of the the cash flows**
- **Long term inflation and interest rate hedges**
- **Private equity**
- **RBS provide senior and mezzanine debt**



## Intermediate Market – Shared Ownership

- **Historically small market, little performance data**
- **Rapidly growing demand : gulf between income and omv's**
- **Now a prime first time buyer product**
- **Traditional product 25%-50% shares too expensive**
- **Homebuy and Key Worker living products don't enfranchise enough**
- **In Westminster, 24-44 age group moving out**



## Assettrust's shared ownership offering

- shares from 12 ½% (current average 35%)
- Fix rents on unsold equity for 3 years (and fixed rate mortgage)
- Service charge subsidies at outset
- No restrictions on client group – Council decides. Release rented homes?
- Low share cash deposits – costs compare well with market renting
- Retain people in Westminster – mid salary staff identified by employers



Making Homes  
Affordable