g320

Development Capacity Review

Report

October 2013

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Acknowledgements

We would like to thank you all of the organisations that took part in the study, providing information or completing the survey, without whom the report could not have been written. Your time and effort is valued.

And a special thanks goes to each of the participants of the steering group for their contribution and feedback throughout the process.

The research and reporting was overseen by a steering group on behalf of the g320, including:

John Delahunty, g320 Chair (Innisfree HA),

Mike Wilkins, g320 Treasurer (Ducane HA),

Nevil Osborne (Keniston HA),

Joe Chambers (Soho HA),

Nick Wood (Crown HA),

Kanti Gohil (Ducane HA).

The views expressed are those of Altair, based on the review of the survey responses and our knowledge and experience of the sector.

1 Executive Summary

1.1.1 This report explores the collective capacity of the g320 organisations to develop and contribute to the supply of new homes within the Capital.

1.1.2 The findings from the study are based on a sample of twenty -one of g320's 64 members and suggest that both together and individually smaller associations possess the financial capacity and an appetite to pursue development schemes.

1.1.3 The report provides a detailed analysis of the collective balance sheets and the income and expenditure accounts of the sample and concludes that there is potential to deliver circa 5,500 homes over the next ten years. If this analysis were extrapolated to the total membership of g320, this could potentially deliver an indicative programme of almost 15,000 homes.

1.1.4 The report reviews the factors that limit the ability to utilise this capacity for new supply. These include investment in community activity, legitimate concerns about the risk of development by boards, other priorities for investment such as refurbishment of existing homes and the costs and availability of land.

1.1.5 The findings reveal that respondents found the following factors to be the greatest barriers to development:

- Land availability
- Access to Social Housing Grant
- Loan availability
- Board risk appetite
- Lack of skills and experience

1.1.6 However, respondents provided examples of how they were overcoming many of the barriers and expressed a range of ideas on how support for their development activity could lead to an important contribution to the provision of new homes, particularly on small, difficult infill sites that larger associations tend to ignore.

It is clear from this review that, with the right level of support from agencies such as the GLA, central government, local authorities and larger associations, smaller associations have the motivation and the resources to make a significant and complementary contribution to the provision of new housing throughout London.

Introduction

1.1 Overview

1.1.1 This report was commissioned by the g320 – the representative body for smaller housing associations working in London (i.e. those owning or managing up to 1,000 homes. This report is therefore concerned with the analysis only of those providers who, together form the g320.

1.1.2 The report focuses on:

- Analysing the financial data collected from the published accounts of g320 members
- Identifying the group's collective capacity (that of the respondents and the indicative potential of all 64 organisations comprising the g320) for development over the next 10 years
- Discussing the group's willingness to participate actively in different types of development opportunities (i.e. assessing their development appetite)
- Reviewing the barriers and prudent options for London's small housing associations to develop moving forward
- Observations on the support needed for g320's involvement in increasing supply.

1.1.3 There are more than 300 small housing associations operating within London, and 64 providers are registered members of the g320. Of the 64 organisations to which the survey was distributed, 24 submitted responses and 21 supplied detailed financial information. Therefore, this study sets out an indication as to the capacity that the g320 have available and provides observations based on comments made by that group and extrapolated for the group as a whole.

1.1.4 It should be stressed that this extrapolated capacity is indicative only and individual associations will have their own particular constraints and circumstances that might limit this capacity.

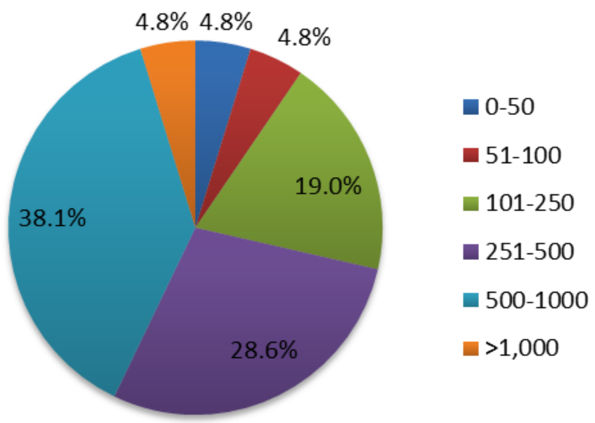


CHART 1.0

Number of units owned / managed

1.1.5 As chart 1.0 suggests, the largest group of providers who responded to the survey were larger g320 organisations, owning or managing somewhere between 500 and 1,000 homes (over 38% of the sample fell into this category).

1.1.6 Interestingly, the sample of housing providers that did respond to our survey have displayed a number of similar characteristics, not only in terms of size, but in terms of niche specialisation, access to loan facilities and ideas on how best to improve the provision of affordable housing..

1.2 Context and Background

1.2.1 London has a population of more than 8 million, but only has 3.4m houses. The population is expected to top 9 million over the next 8 years. However, over the previous 13 years, as the population has increased by 8%, the amount of housing in the capital has only increased by an extra 4%. Recent analysis of the DCLG and GLA statistics, conducted by London Councils, reveals that, in total, 809,000 homes will need to be built by the year 2021 to meet new housing need whilst satisfying the backlog of housing need in London. This is the equivalent of creating a new city, the size of Birmingham.

1.2.2 According to the HCA's 2012 global accounts, the HA sector in London is made up of over 1,500 providers. Not surprisingly, stock holding in the sector is heavily skewed, with just 5% of providers owning or managing 60% of the total stock whilst 1,100 providers (74% of the providers nationwide), own less than 1,000 homes each and contribute a significantly lower figure to the total of circa 2.6m homes in the sector. Breaking this information down further, a 2011 TSA review (no figures available from HCA for 2012) suggest that the contribution of these organisations to the national housing association stock accounted for 3.1% for general needs homes and 10% for housing for the elderly and vulnerable.

1.2.3 A g320 stakeholder survey conducted in 2011 (the 'Flexible and Focused' report) suggested that stakeholders see g320 organisations as having a respected and important role in the provision of affordable housing in the sector. In particular, stakeholders saw value in the g320's local focus (i.e. its closeness to communities), the degree of specialism (supported housing, extra care housing, housing for BMEs, etc.), and, interestingly, a willingness to develop. Our study was therefore commissioned with the intention to enable the g320 organisations to quantify and understand what capacity they do possess, that might help these organisations to realise their development potential to help contribute to meeting London's housing need.

1.2.4 Additionally, this development capacity analysis exercise has been carried out in the context of these changes to the external operating environment;

- Welfare reform changes are beginning to impact
- Capital subsidy from government is being reduced
- Capital for development increasingly needs to be raised either through debt or from surplus sales receipts
- The regulatory environment is undergoing changes, which may affect investor's appetite and pricing.
- Demonstration of value for money will be increasingly a key requirement from the regulator
- Lenders potentially re-pricing loan margins upwards should renegotiation of loan covenants be required

1.3 Methodology

1.3.1 The methods used to conduct the research for this report included:

- A review of relevant reports
- An online survey distributed to all members of the g320 – which helped us to understand their views on future development and to assess their capacity to engage in development activity
- Financial performance review – as part of the online survey, respondents were required to submit a set of their latest statutory accounts
- Facilitation of group discussions through the g320 'Futures Seminar' and an 'Adding Value Through Independence' Awayday with g320 members
- Informal discussions with Chief Executives at organisations within g320.

2 Financial Analysis

2.1 Process

2.1.1 G320 members were asked to supply their latest financial statements. Twenty-one organisations provided financial information as well as completing the survey.

2.1.2 We have consolidated the Income & Expenditure Account, the Balance Sheet and unit numbers to give a total existing capacity position for the twenty-one organisations and to calculate average costs and income levels. The consolidated position is set out in Appendix A of this report.

2.1.3 Using this starting position, we then created a Brixx model to project that position forward for ten years.

2.1.4 This is the base case and represents the existing position consolidating all Financial Statements provided.

2.1.5 The Brixx model was then extended to include a development programme for the full ten years of the plan, 2013/14 – 2023/24, which used the full available capacity of the consolidated position.

2.1.6 The maximum capacity was calculated with reference to the following financial ratios:

Gearing

Outstanding loans as a percentage of reserves and grant

Interest Cover

Earnings Before Interest Tax and Depreciation and Amortisation (EBITDA)

Unit numbers in the development model have been varied and reconsolidated to give a maximum position with reference to these ratios which have been set at the following levels:

Gearing - a maximum of 60%, 65% and 70%

Interest Cover - a minimum of 110%, 115% and 120%.

2.2 Assumptions

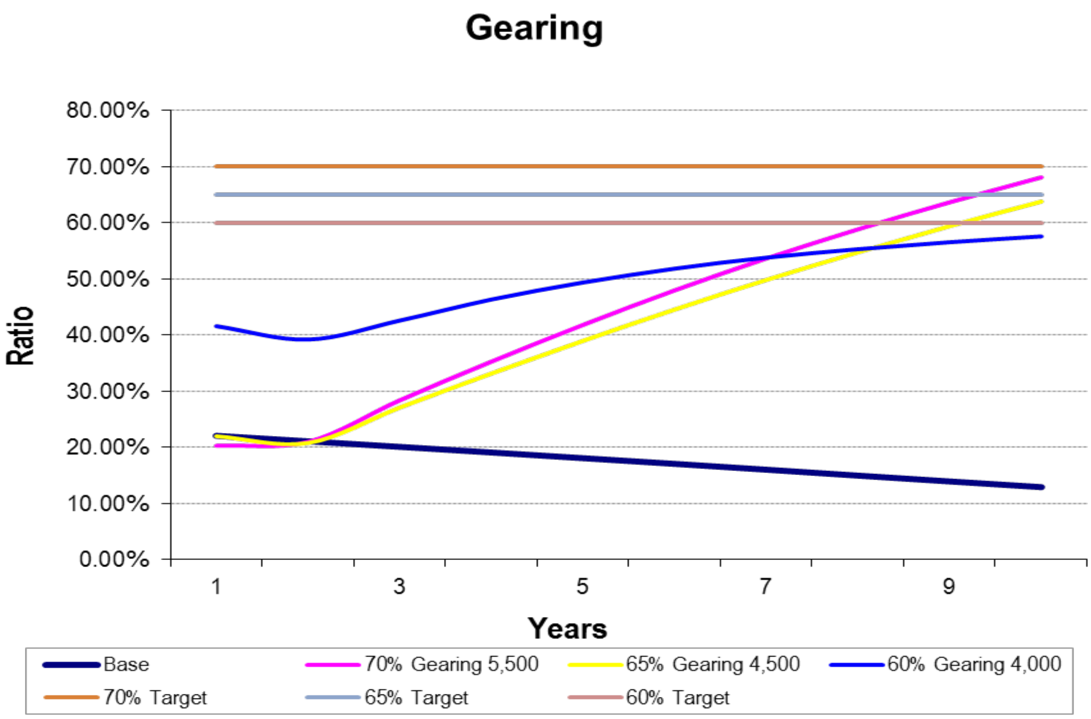
2.2.1 The financial, economic and operational assumptions used within our financial modelling are summarised in Appendix B.

2.2.2 The average build cost of an affordable rent unit has been set at to £160k plus 10% for on-costs and is based on Altair's recent research in the south east.

2.2.3 No affordable rent relets have been assumed.

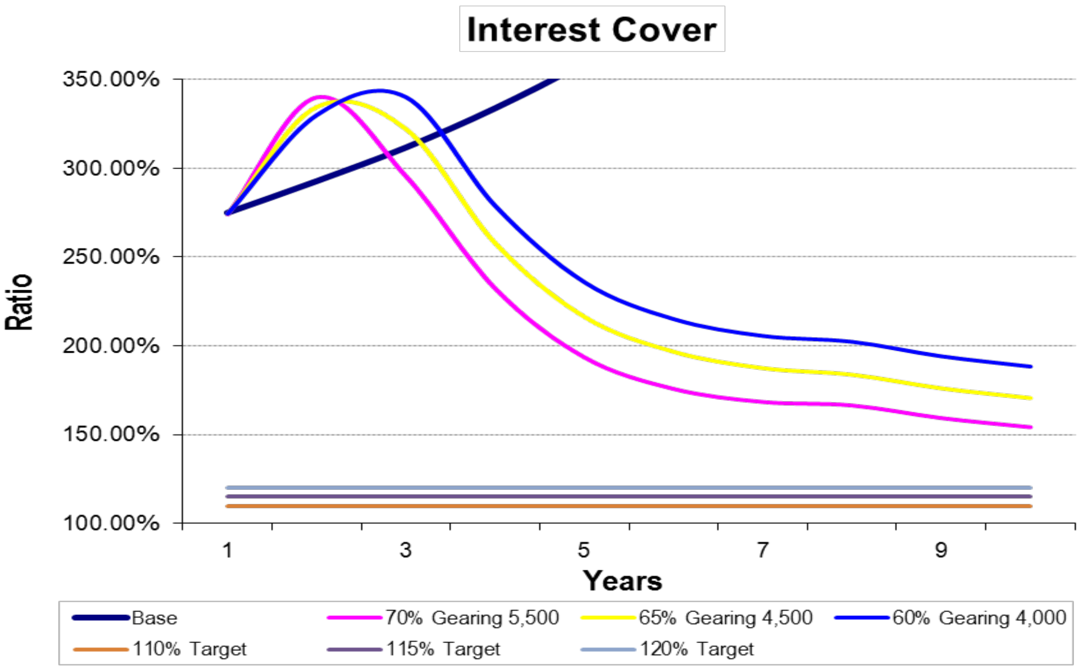
2.3 Results – Gearing

2.3.1 The following graph shows the gearing over the next ten years for the base position and the maximum development programme while staying within a 60%, 65% and 70% gearing ratio.



2.4 Results – Interest Cover

2.4.1 The next graph shows the interest cover over the next ten years for the base position and then the maximum development programme while staying above a minimum 110%, 115% and 120% interest cover ratio.



2.5 Results – Development Capacity

2.5.1 Based on the twenty-one organisations that submitted their data and using the agreed gearing and interest cover ratios as limiting factors, the following development programmes could be achieved over the next ten years.

	Development Programme	Gearing (Max)		Interest Cover (Min)	
		%	Year	%	Year
Base	n/a	22	1	275	1
Scenario 1	5,500	68	10	153	12
Scenario 2	4,500	64	11	171	10
Scenario 3	4,000	58	10	188	10

2.5.2 The gearing ratio is the limiting factor for achieving any of the programmes shown above. The suggested programme of 5,500 pushes the gearing ratio to 68% just shy of the maximum gearing ratio of 70%. If the programme is increased by a further 50 homes per year, the gearing ratio passes the 70% maximum target ratio.

2.5.3 The interest cover never breaches any of the suggested ratios of 110%, 115% and 120%. In fact, the lowest ratio is 153%.

2.5.4 *Note: One of the G320 members included within this analysis is substantially larger than the remaining twenty. This organisation would be able to support up to 900 homes of the development programme calculated for Scenario 1.*

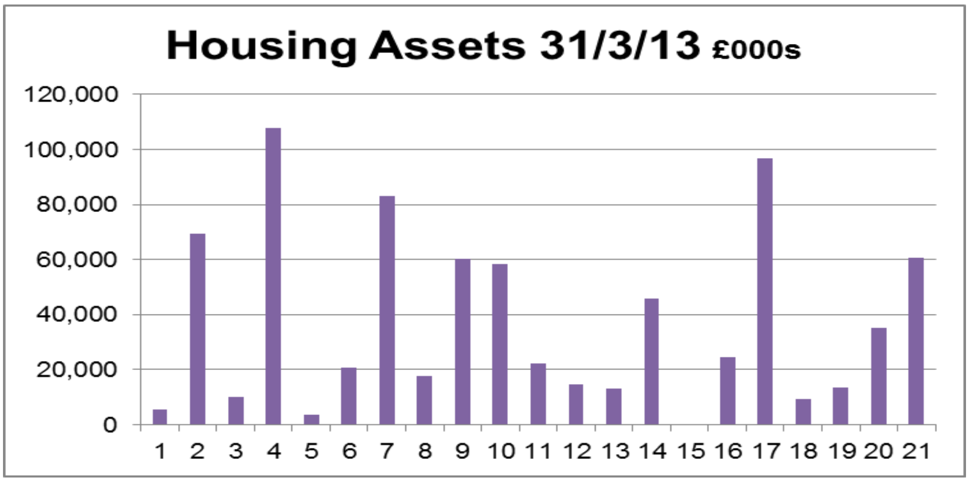
3 Development Analysis

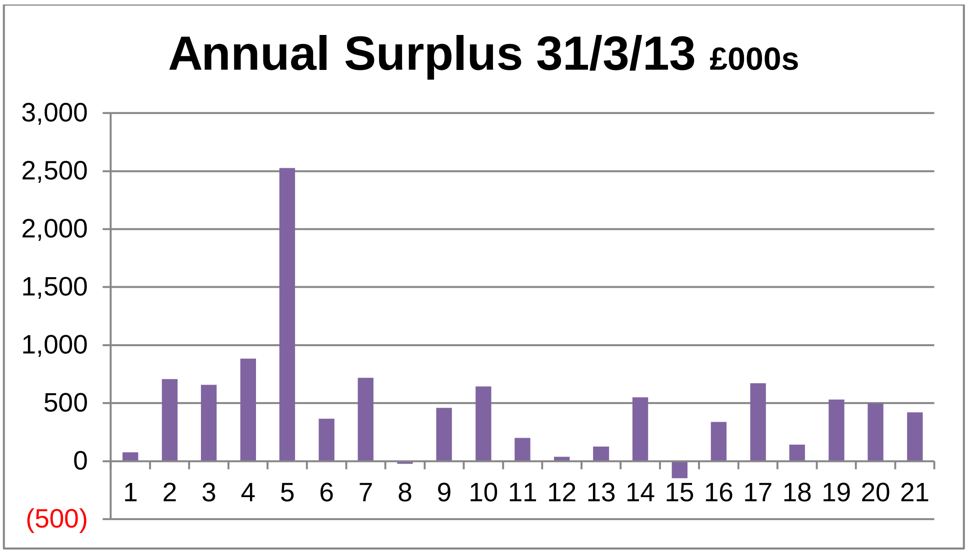
3.1 Capacity constraints

3.1.1 Having established the financial capacity of the respondents, the survey enabled us to look in greater detail at the views of our respondents with regards their capacity to pursue development projects.

An overview of the statutory accounts for each respondent revealed a wide variety of approach. Analysis of the 'Total Current Assets' and 'Surplus for the Year' (for each housing association), arguably the two figures most indicative of a company's capacity – against the number of homes owned / managed displayed a fairly consistent trend (positive correlation) - the larger the size of the organisation the more likely it is that the organisation will benefit from greater surpluses / assets. Consistent with this view is the fact that the smallest provider, amongst all respondents, was one of two organisations to have recorded a loss [for the year]. Neither of the two loss-making providers is currently developing new schemes, nor do they have any development plans for the next 5 years.

3.1.2 The following tables set-out the key financial data for each of the twenty-one respondents who provided their 2012/13 financial data: is this right? HA Number 5 has a huge surplus and very small housing assets?





3.1.3 In terms of the capacity of the group, it is clear all associations are viable and have capacity. The average respondent recorded a 'surplus for the year' of just under £500,000 and 'Total Current Assets' in excess of £3.3m.

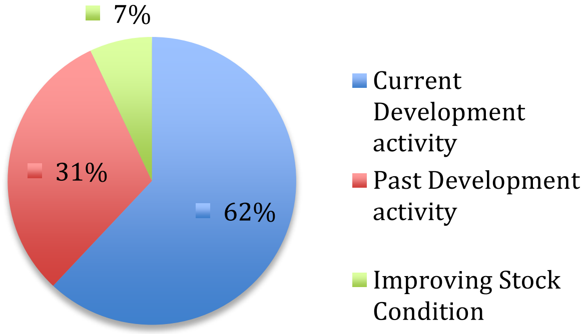


CHART 2.0

Activity housing providers allocate their loan facilities to

Key Facts

63% of respondents currently have loan facilities in place to cover their HA's development or other activities.

Only 50% of respondents claimed to possess the 'in-house' capacity to deliver their existing / potential development schemes.

3.1.4 Chart 2.0 displays the way in which those housing associations with loan facilities in place have decided to use their capacity.

3.1.5 The 63% of respondents with loan facilities in place (refer to chart 2 key facts) have £90m in total. Chart 3 below shows a breakdown of the portion of the loan that has already been utilised by the housing association.

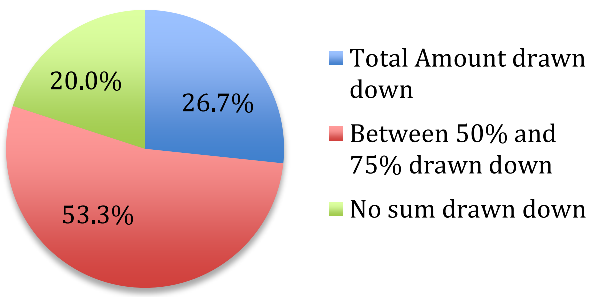


CHART 3.0

% of loan facilities drawn down by respondents with agreed bank financing.

3.1.6 Chart 3.0 shows that over a quarter of respondents with loan facilities have already drawn down their facility in full, whilst the majority have only drawn down somewhere between 50% and 75% of their available loans. Interestingly 20% of respondents have completely undrawn facilities in place.

Given that financial capacity is not the most limiting factor and that there is further potential financial capacity within the group, the survey considered what organisations viewed to be the most challenging barriers to development.

3.2 Development Appetite

3.2.1 Based on the responses an organisation's development appetite was arguably the most influential factor affecting an HA's development of new homes. This is understandable given recent high profile cases of housing associations getting into difficulty because of development deals. However , there have been some excellent examples of small housing providers that have attracted little grant funding, yet have still managed to maximise the delivery of their development ambitions.

Case Study: An example of this is typified by Soho Housing Association, which is entering into a Joint Venture agreement to develop high end accommodation in a building it owns to generate income and will then acquire a site to provide 20 new homes (of which most will be for affordable rent).

3.2.2 Such examples are indicative of the potential to create capacity that can be found and, most importantly, that the way in which capacity is exploited is as significant as the amount of capacity in possession.

Case Study: Another exemplary provider to have demonstrated astute development capability is Barnsbury Housing Association, who undertook a site swap with Islington and Shoreditch HA, which will produce 12 new homes.

Case Study: Crown HA has recently transferred its outlying properties in Scotland to local associations. By combining the sale receipt with commercial borrowing, Crown has the resources to generate a new development programme in London exceeding £10 million.

3.2.3 As a way to engage smaller associations in development, this type of project, which enables the conversion of assets into capacity, could prove to be both successful and replicable.

3.2.4 Of those providers who took part in the survey, 55% have disclosed that they are indeed currently building new homes and have a development scheme in place. The size of each development programme ranges between each organisation, from just 5 homes to over 404 homes. As expected, the largest organisation that undertook the survey is in the process of commencing the largest of the development schemes amongst the respondents. They have a development scheme in place which they hope will enable them to re-develop 404 existing homes. What is interesting about this provider is that the loan facilities that it does have in place have been utilised for funding historic development activity.

Key Facts

Together, the development pipeline of the developing organisations among our respondents stands at a total of at least 872 homes over the next five years [2013-2018].

3.2.5 A question testing the diversity of the HAs housing portfolio asked respondents whether their housing association was currently developing homes for sale or other non-affordable rent homes.

Throughout this report, the use of the term 'Affordable rent' refers to 'lettings on Assured Shorthold agreements at levels usually above 'social' rent and up to a maximum of 80% of market rent (as defined by the HCA). In practice, in London this figure has ranged between 35% and 80%.

3.2.6 42% of our survey respondents confirmed that they are currently diversifying, and are developing homes other than those for affordable rent. Diversification amongst this group includes the provision of different types of housing (such as sheltered and extra care schemes) as well as a range of additional services provided to tenants; such as residential care for specific tenant groups and social/community services and events for the local communities. Some organisations also engage in 'Homebuy' and 'Homeswapper' schemes.

3.2.7 To help determine our respondents' willingness to develop, we wanted to find out what would encourage them to use the spare capacity they did have (i.e. capacity that wasn't earmarked for other activity) to develop new homes. We sought to understand what might encourage the 57% to adopt a broader range of supply.

3.2.8 16% of respondents indicated that all of their surpluses are earmarked for development activity. 21% of respondents stated that additional grant funding / financing was needed in order to make any further development schemes prudent and viable. Other providers were eager to pursue development projects, however some believed they require suitable development partners (who share the same objectives) whilst others were searching for the right opportunity (in terms of land and price).

3.2.9 Together with the analysis of each provider's financial accounts, the results from the survey indicate that the appetite and capacity for development is certainly there. Although, concern about the risks may limit an association's actual activity.

3.3 Barriers to Development

3.3.1 The next section of this survey explored the factors that have proved to hinder the development activity of London's smaller HAs to the greatest extent.

3.3.2 As anticipated, London's small housing providers are subject to a myriad of challenges, which serve to inhibit their development activity. Some of these are generic, sector-wide barriers to development. We have therefore focussed on those that have a greater impact on smaller housing associations.

Land Availability

3.3.3 Chart 4 indicates the most significant barriers to access to land.

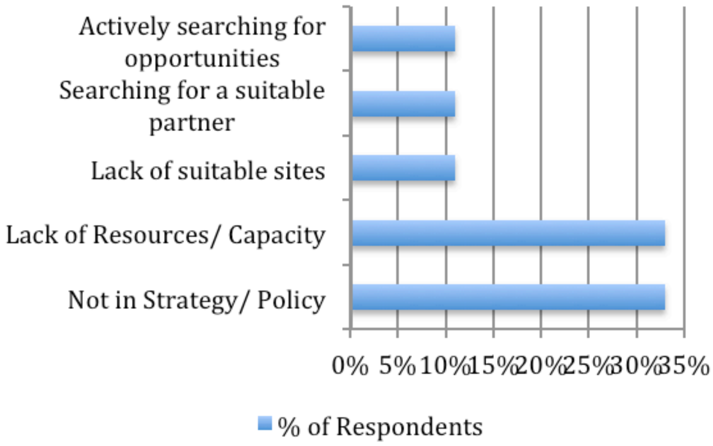


CHART 4.0

Factors affecting providers' abilities to land bank.

Of the respondents currently pursuing development schemes, only one organisation has land banked – even still this provider has only 1 site land banked (capacity for 5 homes)

3.3.4 The survey asked various questions to determine whether respondents saw the availability of land as an aspect of the operating environment, which detrimentally affected their development plans.

3.3.5 The respondents pursuing development projects without any land already banked attributed this to a variety of factors – outlined in Chart 4.0 shown above.

3.3.6 33% of respondents confirmed that it is not yet part of their organisational strategy to land bank (to acquire land in advance of funding being in place), and that they are yet to give the idea thought to date.. An equal proportion of respondents felt that their lack of funding and limited capacity were to blame for their inability to access land at an early opportunity.

3.3.7 When asked what in particular would encourage these providers to increase their land banking, the vast majority of providers (60%) gave answers relating to either the cost or the availability of land. Some providers suggested that development agents (and related parties) were needed to help in the process of identifying suitable land sites. 40% of respondents included the need for more access to social housing grant in their response to this question. Interestingly, only two respondents suggested the need for more expertise before pursuing such a venture.

3.3.8 Although there are risks involved with forward funding development sites, given our analysis of the accounts of the group, there is perhaps more that could be done to help de-risk site purchases, particularly with regard to publically owned land. Also important would be the identification of smaller sites that would suit smaller HAs and are less 'efficient' for larger providers. This would encourage those small organisations who may be cautious about development to think more positively about the opportunities.

Access to Social Housing and Other Grant

3.3.9 Given that some of our respondents were clearly thinking about the availability of social housing grant, we asked our respondents for their views on what grant funding might look like post 2015 – 2018.

3.3.10 42% of respondents feared the worst – that there would likely be no grant subsidy beyond this period. A group of respondents of an equal size (42%) assumed that some level of grant funding would be in place for these years – on average it was thought that 12% of the total scheme cost would be funded by the government. The remaining 16% of respondents admitted to have not thought that far ahead yet, and considered themselves not to be in a position to answer that question.

Financing Development (Loan Availability)

3.3.11 A large proportion of respondents felt that their access to financing (lack of loan availability) played a big part in determining whether or not they can go ahead with development projects.

3.3.12 Amongst those who responded to our survey, 43% told us that they did not have forward facilities in place to finance future development plans. On another note, 7.7% of respondents indicated that their lack of borrowing in place was the reason for their failure to develop new homes at present.

3.3.13 Given that 57% of respondents do have facilities in place, and from our knowledge of the lending market, which suggests that although long term finance may be difficult to access, there are still many avenues open for small associations that wish to secure finance to support their development ambitions, we would suggest that this is not as limiting a factor as many might fear.

Board Risk Appetite

3.3.14 As suggested earlier in the report, a number of providers clearly demonstrated an appetite and ambition to deliver their development schemes. However, from this survey, we wished to determine the extent to which the Boards of these housing providers control the level of development activity undertaken – and, more specifically, whether those who sit on the Board are supportive of the organisation's development ambition or not.

3.3.15 When asked what factors were deterring their organisations from going ahead with development plans, 15.4% of respondents attributed their lack of significant involvement in development to the risk appetite of their Boards. However, not one respondent suggested that the Board of their organisation were unwilling to develop, rather that they were wary of the potential problems that could arise upon commencing a project.

3.3.16 Therefore, it seems that typically, for a small housing association, the Board of the provider is keen to develop but sees the other barriers to development (such as lack of grant funding, poor access to loan facilities and poor land availability) as carrying with them too much risk.

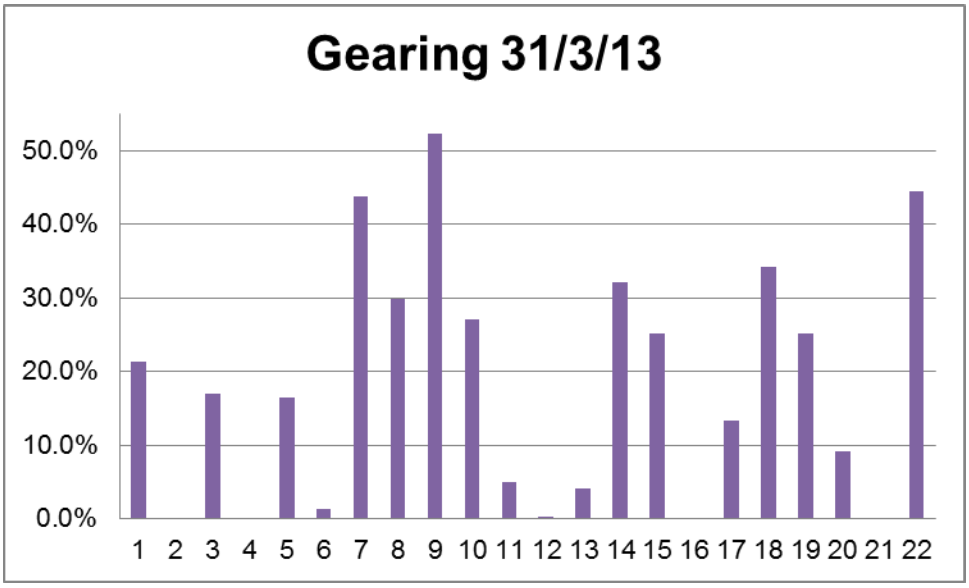
Skills and Experience

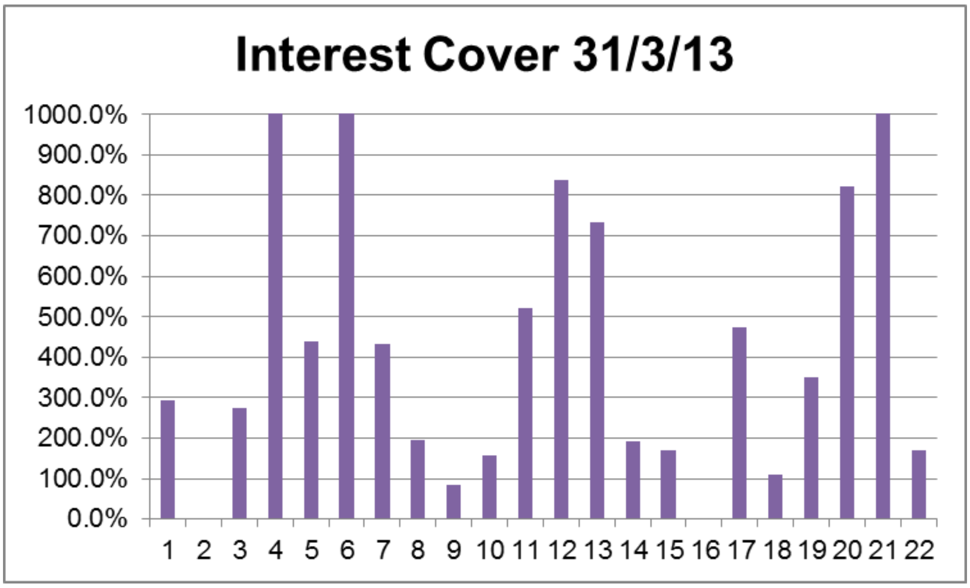
3.3.17 Upon reviewing the results to the survey, the general consensus seems to be that this group of housing providers do possess the skills and experience needed to successfully complete development projects and only 15.4% of respondents claimed that their lack of recent 'in-house' experience/expertise in the development field was responsible for inhibiting their progress. In addition one respondent suggested that a lack of expertise in the field was preventing its organisation from engaging at all in land banking activities.

3.3.18 These skills should be regularly reviewed and critically assessed, particularly given the complex and changing nature of development.

Covenants

3.3.19 The tables below show the gearing and interest cover ratios for all twenty-one of the respondents who provided their 2012/13 financial data. Four organisations have no loans and therefore do not register on the tables or show over 1000% on the interest cover table.





4 Opportunities for Development

4.1 In the third part of the survey, we began to ask more thought-provoking questions about the un-earmarked capacity that the g320 has and how it could be harnessed for new supply. We have received a range of very interesting answers.

4.2 We asked respondents what different avenues they may see themselves exploring in the future, in order to contribute to increasing the provision of affordable and social housing in the UK.

4.3 Potential for Collaboration Opportunities

4.3.1 Unsurprisingly, a large group of respondents have expressed their keenness to work together in order to not only help boost the provision of social and affordable housing but also to achieve their development targets.

4.3.2 Exactly half of the organisations within our survey sample had revealed their enthusiasm at the prospect of engaging in development projects collaboratively.

4.3.3 The most popular collaboration ideas included:

- Working closer with larger, developing housing associations in order to access and unlock larger financial capacity (resources), increase their development pipeline and broaden their stock portfolio (e.g. some specialist HAs may wish to consider diversifying, be that beyond their current client group or housing options). This option could include entering consortia arrangements.
- Joint development opportunities with other smaller RPs, which would involve pooling resources and sharing development knowledge and experience.
- Another common reply by respondents suggested the need to build stronger relationships with local authorities, with a view to receiving surplus land that the local authorities (LA) have the ability to release. This form of collaboration may work well for both parties since the LA may wish to satisfy the needs of its population (considering its demographic make-up), which fits with the, often niche specialist, smaller housing association's focus.

4.3.4 The remaining 50% shared a variety of views on how they would like to explore future development programmes. One association was keen on considering the potential of cross-subsidisation to help generate extra funding for development, whilst another was focused on 'sweating its assets' that are no longer fit for purpose. Two Housing Associations declared their interest in accessing commercial loans through joint tender approaches/ joint bond issues, which would enable them to share security.

4.3.5 Such ideas are worthy of further exploration, possibly bringing together those HAs that share or are open to the same views and finding out how best to collaborate with each other in order to maximise their potential.

4.4 London & Quadrant Development Proposal

4.4.1 In short, the L&Q proposal was made at the launch of the g320's 'Flexible and Focused' report in November 2012. The proposal outlined the provision of up to £10m to match a sum of £10m put up by g320 organisations. The 'model', which is being rolled out, provides significant de-risking on acquisition and development, but both parties share the sales risk of a proportion of the new homes built, and it is the surplus from these sales that provides the g320 member with a degree of subsidy.

4.4.2 Responses received by the survey suggest that 92% of respondents were aware of London & Quadrant's Joint development proposal. We then asked whether organisations would like to learn more about the L&Q offer, to which 62.5% of respondents replied positively (with the remainder uninterested). Interestingly half of those respondents were reportedly unaware of the deal initially remain disinterested in the proposal.

4.4.3 It would be interesting to further understand what may be affecting those organisations' view.

5 Final Observations

5.1.1 The report ultimately indicates that the group of organisations involved in the study do possess sufficient financial capacity to develop, both together and individually, a significant number of new homes. The report has also helped to establish the various factors that will most certainly influence the development of homes by smaller housing associations.

5.1.2 The barriers to development identified on landbanking, appetite for risk etc. apply to the majority of smaller associations and indeed many larger associations as well.

5.1.3 Our analysis suggests there is a need to develop a strategy that will enable and support the g320 organisations to adapt and respond to these barriers, including the level and availability of grant funding that may or may not be available post 2015 – 2018.

5.1.4 There is a also a question as to whether the smaller provider can develop the skills and experience, as suggested by the survey, needed to develop more homes and achieve their proposed schemes and programmes. Whilst the picture is encouraging, and there are some excellent examples of creativity and innovation, more could be done to determine whether those working on development (within the g320 organisations), do possess sufficient experience and expertise – particularly in terms of understanding the financial aspects of development activity and using knowledge to gain access to loan facilities that are out there. Boards in particular whilst being understandably cautious about the risk of development, may wish to consider both their skills and experience in appraising risk, since our survey suggests there is a capacity to undertake more development

5.1.5 Analysis of each organisation in the study has suggested that the majority of organisations are aware of the risks associated with the current operating environment of their sector. However, there is a need for a discussion between these organisations over what can be done to bring their [now confirmed] capacity and appetite for development to fruition.

5.1.6 There is an opportunity for the government and the GLA to take a lead in encouraging larger associations to work with smaller associations either in consortia or through other forms of collaboration.

5.1.7 The GLA and government could have a site 'Clearing House' for smaller site less attractive to the larger associations but good for smaller associations.

5.1.8 Local authorities may also wish to look again at their land disposal policies to see whether there are ways to de-risk smaller infill sites to encourage smaller associations to participate more actively in site development.

5.1.9 The smaller housing associations in London have the capacity and can make an impact upon supply in the capital. Indeed smaller associations across the country can make a contribution to overall housing supply. It is now for all agencies to develop appropriate strategies to help facilitate the unlocking of this potential capacity.

Appendix A – Consolidated Financial Position

INCOME & EXPENDITURE ACCOUNT	Forecast for 2013/14 £000	Actual for 2012/13 £000
Total Turnover	**94,141**	**91,310**
Total Operating Costs	**(80,025)**	**(77,619)**
Operating profit	**14,116**	**13,691**
Profit/loss on disposals	**2,719**	**2,719**
Interest receivable	**619**	**619**
Interest payable	**(6,642)**	**(6,642)**
Surplus for the year before tax	**10,811**	**10,387**

Please note: as the Income and Expenditure for 2012-13 was provided, we have uplifted these to 2013-14 using the inflation assumptions set out in Appendix B.

BALANCE SHEET	Actual for 2012/13 £000
Housing Assets	
Housing Properties at cost	**772,176**
Depreciation	**(50,917)**
Social Housing Grants	**(458,862)**
Net Book Value Of Housing Properties	**262,397**
Other Fixed Assets Tangible	**17,213**
Other Fixed Assets Investments	**7,200**
Total Fixed Assets	**286,811**
Current Assets	
Debtors	**15,276**
Cash	**56,549**
Total Current Assets	**71,824**
Creditors : amounts falling due within one year	
Loans	**(2,676)**
Other	**(19,600)**
Total Current Liabilities	**(22,276)**
Total Assets Less Current Liabilities	**336,359**
Creditors - amounts falling due after more than one year	
Loans	**(144,568)**
Other Long Term Creditors & Provisions	**(11,610)**
Total falling due after more than one year	**(156,178)**
Net Assets	**180,181**
Share Capital and Reserves	
Income and Expenditure Reserve	**147,832**
Other Unrestricted reserves	**1,376**
Restricted Reserves	**30,974**
Share Capital	**0**
	180,181

Appendix B – Financial Modelling Assumptions

RPI (3.0% for 2014/15 then)	2.5%	Land & Build cost per property	£160k
CPI (2.5% for 2014/15 then)	2.0%	On-costs	10%
Rent Inflation (margin over CPI)	1.0%	Grant %	15%
Cost Inflation (margin over RPI)	0.5%	Weekly Rent - New units	£150.00
Proportion of loan portfolio fixed	70%	Voids	1.0%
Fixed Loan Rate	5.0%	Bad Debts	2.0%
Loan Facility Margin - Variable (Existing)	1.0%	Management Costs	£450
Loan Facility Margin - Variable (New)	2.0%	Reactive Maintenance	£450
LIBOR (3% increasing to 5%)	5.0%	Reactive Maintenance	£450
Average Interest Rate (for capitalised interest)	7.5%	Planned Maintenance	£550
		Depreciation	1.00%
Savings Interest Rate (0.5% inc to 2.5%)	2.5%		

Appendix C – List of g320 members

Affordable Christian HA	Lambeth Self Help
Arhag	Apna Ghar HA
Bexley Churches HA	Arneway
Brandrams Hsg Co-op	Barnsbury HA
Camberwell HS	Brockley Tenants Co-op
Co-operative Development Society	Central and Cecil HT
Cedarmore HA	Chisel Hsg Co-op
Cherry Tree HA	Crown HA
Chislehurst and Sidcup HA	Ducane HA
Coop Homes	Eldon HA
Field Lane	Glebe HA
Harrow Churches	Greenwich HS
Hill Homes	Haig Homes
Home from Home HA	Housing for Women
Hornsey Housing Trust	Innisfree HA
Hyelm Group	Kingston Churches HA
Kenniston HA	Lee HA
Kurdish HA	Mercers
Lambeth & Southwark HA	Odu-dua HA
Millat Asian HA	Penge Churches HA
Monmouth Road Co-op	Sutton HS
North Camden Hsg Coop	West London YMCA
Peter Bedford	
Providence Row HA	
Quo Vadis	
Seymour Housing Co-op	
Simba (Greenwich) HA Ltd	
SLDHA	
Soho HA	
South London YMCA	
St Christophers Fellowship	
St Martin of Tours HA	
Stoll	
Tamil HA	
Teachers HA	
Tooting Bec Housing Co-op	
Twenty Fifth Avenue	
Walterton & Elgin Comm Hsg	
Waltham Forest HA	
Women's Pioneer	
Yarrow Housing	
Zebra HA	