



# **UK Perspective on Financing Housing Development**

**International Co-operative Alliance Housing  
Organisation, London Symposium**

**7 October 2010**

**Adrian Coles**

**Chair, Commission on Co-operative and Mutual Housing  
& Director-General, The Building Societies Association**



- What?
  - Wide-ranging group of experts gathered to examine the evidence, and, if the evidence supports it, promote the sector





- Why?
  - Strong, vibrant co-operative housing sectors in other countries – Norway, Sweden, Austria, Germany, Italy and Spain
  - Strong general co-operative sectors in UK
  - Bring together co-operative values, and housing in the UK



- Mutual and Co-operative Housing
  - Right for residents to participate in governance of, and exercise control over, their housing environment, neighbourhood and community



- Evidence
  - Academic research – University of Birmingham
  - Support from the Human City Institute
  - Evidence hearings and submissions
  - Case studies
  - Focus groups



- Findings
  - High satisfaction levels
  - Lower arrears
  - Fewer vacancies, faster re-lets
  - Better repairs performance
  - Better community spirit
  - Democratic engagement, building personal skills
  - Better environmental awareness
  - International evidence



- Finance
  - Wider issues
    - Weak UK mortgage market
    - Weak funding position for lenders, both retail and wholesale
    - Pressure on lenders to generate wider margins
  - Finance Group of the Commission on Co-operative and Mutual Housing publishing report in mid October



- Finance – Current Underpinnings
  - Regulation undertaken by public sector
  - Housing benefit from public sector
  - Grant from public sector
  - Private finance – bank and bonds
- Now
  - All above may change
  - Less cross subsidy
  - Less general building







- Current lender approach
  - Loans too small for head office, too large for branches, and resource intensive
  - New organisations without track records
  - Administration of default is resource intensive
  - Limited appetite for speculative residential development now



- Solution
  - Special purpose vehicle – aggregated, single solution
  - On-lend to individual schemes
  - Land from local authorities?
  - Governance issues
  - Feasibility study required





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