

The feasibility of Housing Co-operatives in 2009

A report by Somerset Co-operative Services
CIC (formerly UpStart Services), with the
support of Co-operative Financial Services

January 2007
Updated April 2009

Contents:

1. Executive Summary
2. Background
3. The locality
4. Some possible solutions
5. Our recommendations
6. Case Study
7. Is it a good deal?
8. Ways forward



www.somerset.coop
services@somerst.coop
0845 458 1473

Executive Summary

Privately funded Housing Co-operatives can be an effective tool for people in housing need, but they must respond to housing scarcity by adapting their model to include

- high added value development using eco-construction techniques
- infill and extension in existing residential locations
- proactive growth
- self contained accommodation
- more complex finance arrangements including equity stakes for members.

This would not only allow them to house members at low cost even in areas of high house prices, but would also provide a higher standard of accommodation and attract and retain a broader social mix among members.

It is to be hoped that in the future more partnerships with Housing Associations will be possible, and public funds for co-operative housing may be provided, but at present these appear to present more problems than they solve.

Lenders, planners, funders and housing providers can all contribute helpfully to this process. The essential ingredients are already in place and no insurmountable barriers exist to prevent people in housing need, and those with adequate housing, from securing good value, tenant controlled accommodation within a reasonable timeframe.

Background

Upstart received grant funding of £2000 in September 2004 from Co-operative Financial Services Co-operative Community Grant fund to deliver research into the possibilities for co-operative housing in the area. Our methodology included desk research, discussions with social lenders, consultations in the Radical Routes network, and a two day training course entitled 'How to set up a Housing Co-op'.

The problem

House prices have risen dramatically in the last ten years. A house that cost £30,000 in 1980, might well now be valued at £203,000. Prices have doubled in the space of four years, and in 2007 the cost of the average home exceeded £200,000. Earnings have increased over the same period, but by nowhere near as much. This has put lenders under pressure to increase the multiples that they lend by, and to increase our overall indebtedness. A growing number of people are effectively barred from home ownership – while at the other end of the scale, expectation of further growth has fuelled a large 'buy to let' market.

In 2008/09, the boom in housing was followed by a crash, and the market has fallen back substantially from its peak. Further falls are still possible, but there is persistent evidence that there is a shortage of housing – particularly social housing, where waiting lists have risen to unprecedented levels. This means that it is likely that the cost of housing, expressed as a multiple of average incomes, will remain high.

The population of the UK is predicted to rise from 60 million in 2005, to 62 million in 2011, and nearly 65 million by 2021. More importantly, the number of households, which is the key determinant of how many homes will be needed, is also going to rise sharply as well. There are currently 22.8 million households in Great Britain. The Department for Communities & Local Government (DCLG) predicts that another million or so will be added in the next five years alone. And by 2016 there will be 25.1 million households in Britain - an increase of 2.3 million in just ten years.

A lot of attention has been given to the fact that the country has seen a surge in immigration recently, principally from Eastern Europe. But Professor Michael Ball, of the University of Reading business school, said the rise in household numbers will be driven by a large increase in the number of us who are living alone. "The big driver at the moment is actually the ageing society. At the same time general household size is getting smaller, so we are going to see a big increase in the number of smaller, older, households over the next 10 to 20 years," said Professor Ball. The size of the average English household has already fallen steadily from 3.1 in 1961 to 2.29 today. The DCLG predicts that in the next 15 years that will fall even further, to just 2.21.

One of the main reasons why house prices have been so buoyant for the last ten years is that the country has simply not been building enough to meet the demand for houses to buy or rent. "We estimate that the number of households has been growing at 200,000 or even more each year in recent years," said Milan Katri, chief economist of the Royal Institution of Chartered Surveyors. "Yet new building has been running at between 140,000 and 160,000 a year."

Thanks to successive government policies, hardly any new council houses have been built for the last 20 years. Some people who might once have rented have been more or less forced to buy instead. Tony Key, Professor of real estate economics at the Cass Business school in London, said this under supply of housing has led to a huge distortion in the UK property market. "Somewhere around the mid 1980s we stopped building council houses and we didn't fill in the gap. "There's been a group of people who might logically be renters who have been forced into being owner occupiers," said Professor Key. Meanwhile millions of former council homes have also been sold by local authorities.

The combined effects of rampant house price inflation, a lack of good quality, cheap, rented property, and windfall gains for home owners have left a deep psychological imprint on the UK public. Saxon Brettell, of the consultancy Cambridge Econometrics, said a fear of being left behind and a desire to cash in on windfall gains, are big forces driving demand. "The long run forces are the need for shelter and accommodation, and allowing people to live in the location where they want to. But if you didn't believe that you had to get onto the housing ladder as quickly as possible as a young person, we wouldn't have this stressful activity with the search for early ownership, early on in their careers, especially in the South of England," he pointed out.

The obvious solution would be to build many more houses. Currently we complete just 3.1 new houses or flats per year, for every thousand of our population. That meant that in 2002 the UK built fewer of them than in 1921. The rest of the European Union, before its enlargement, built at a much faster rate, of 5.1 houses a year per thousand population. As a result those 14 other EU countries have 448 dwellings per thousand population, compared to 431 in the UK.

In 2004 the economist Kate Barker published a report for the government recommending that the country's local authority planning system be changed to make it easier for house builders to get planning permission in areas where people want to live. In most cases, planning permission is difficult if not impossible to get in locations that are not already in residential use. According to an analysis by Professor Key, this would make a difference.

Land for house building is very restricted by planning laws that protect greenfield sites, and the amenity of existing properties. That for shops and offices much less so, and there is, in reality, almost no hindrance to the supply of land for industrial purposes, as this creates jobs. So, between 1980 and 2007, UK house prices have risen by an astonishing 676%. But the value of shops, offices and industrial estates has gone up by just 261%. What that suggests is that a house that cost £30,000 in 1980, and which was worth £203,000 in 2007, would cost just £78,000 - roughly 60% less - if all the demand since then for house building land had been satisfied. There is little chance of the market falling this far in the foreseeable future. (We are indebted to the BBC for this research)

Some possible solutions

Recognising the difficulty of accessing decent affordable housing, we were keen to look at potential solutions. Co-operative housing initiatives may provide the missing link between the high-cost private housing and the difficult-to-obtain social housing.

There is a strong network of individuals and families interested in low impact, self-build housing. One such local community, Tinkers Bubble, has been successful in demonstrating the potential for such developments. Privately funded, the group bought land and self-built a mix of individual houses and community buildings whilst developing a land-based agricultural project which fed into the local community. Proving its ability to be self-sustaining and viable environmentally, socially and financially, the project has successfully applied for a series of extensions to its planning permissions and has now been in existence for approximately 10 years. However, its planning permission is dependent firstly on the ultra-low impact construction techniques used, and secondly on the residents being principally involved in subsistence agriculture.

Access to land has become a major issue for those attempting to follow suit. The price of land per acre has increased rapidly and the planning system has continued to resist the increase or development of self-managed and autonomous affordable housing on greenfield sites. Nonetheless there are some examples now of people who have gone ahead and set up a small housing/work project and been successful in gaining retrospective planning permission.

We found that the cost of development land with planning permission is prohibitively high for small groups interested in creating appropriate, affordable housing. Despite support from organisations such as the Wessex Reinvestment Trust, funding for such projects is extremely hard to come by. There are no assets for security and a long, slow planning process to negotiate before being able to proceed with providing housing, whether self-build or developer led.

The recent report on key worker housing from CDS and the New Economics Foundation, 'Common Ground', proposed the use of Community Land Trusts to take on local authority land, and licence housing co-ops to build on it. By taking the value of the land out of the cost of the housing, highly affordable shared equity schemes could be developed. However, few projects have developed along these lines in the South West; the availability of land is limited, and few local authorities have been far sighted enough to use it in this way. The complexity of the process, coupled with the need for commitment from the various agencies, also makes it unsuitable as a self-help solution for those inadequately housed.

A slightly simpler approach is to form a partnership between a co-operative housing group and a local housing association. This might involve an application for social housing grants being made by the housing association but there are concerns that the reporting requirements would be overwhelming for the co-op, their independence would be compromised and ultimately control would be ceded to the housing association. Alternatively, the housing association might offer other forms of support from resources already available to them; soft loans, the sale of building plots, technical aid or a licence to build on housing association land. These routes have been under explored, although the Mary Anne Johnson Housing Co-op in London has been pursuing this approach for some time. Regrettably, despite managing to secure offers of land and finance, they are finding that all too often there is bad faith and inconsistent behaviour from their partners; in one case a housing association that had offered to lend to them ended up bypassing them all together and taking control of the building plot they had hoped to use. It can be very challenging to keep a co-operative group together for the long timescales and frequent disappointments involved.

Finally, we have to ask if it is possible to provide adequate housing through an independent, privately financed co-operative, without complex partnerships. This has become much harder with the rise in house prices, and many have noted that even when housing co-ops were setting up in this way they were mostly providing low quality bedsits.

However, we believe this approach does have a future. We looked at the potential for extension, sub-division and back-yard development on existing properties. By adding value, it may be possible to make social housing profitable. Conversion of outbuildings to provide workspace may be another source of income available for modest investment. A number of housing co-ops - such as Torch HC, Fox HC, and Wild Peak HC - have explored this option. Businesses would be tenants, and hence members, in the same way as residents. An ideal arrangement may be to develop a hamlet around farm buildings; however, development outside town and village envelopes is not favoured by the planning system and the properties are currently attracting premium prices. Such a proposal would need to find an affordable property and make a strong case based on the need to provide affordable or social housing in the area, plus demonstrate that car use would not substantially increase (possibly by car pooling or linking accommodation to rural employment).

Inside a town or village, it is a more straightforward option to extend properties. A loft conversion or modest extension does not even require planning permission. As a temporary solution, transportable buildings (such as static caravans) can be sited in the curtilages (again, without the need for planning permission). Larger developments do require permission, but many areas are supportive of environmentally benign, affordable housing developments. The planning authorities and parish council have been approached with regard to one such project and have been cautiously supportive. However, the stumbling block has been funding the project. The problems are that mortgages to housing co-ops generally cover no more than 80% of the value of the property; the high cost of new building; repayments are prohibitively high; and cash flow makes building works hard to afford.

Our recommendations

For each of the following problems, we propose some solutions:

1. Security

Fortunately, there are now a growing body of lenders that do not require property or assets as security for a loan. Co-op and Community Finance, Radical Routes, Co-operative Action, Charitybank and various CDFIs (Community development finance initiatives) can all be approached for 'top-up' lending. A new partnership between Tiodos and CCF promises loans of 95% the value of the property. Housing is still regarded as a relatively good risk. Members of the co-op can also be encouraged to invest savings in the form of loanstock, as the interest on loanstock could be as much as 5-6% (a fair price from the co-op's point of view, and an excellent return from the point of view of the lender – particularly while low interest rates prevent effective saving).

2. The high costs of construction

Here, it is the ecological construction movement that comes to the rescue. Using timber frame instead of brick and block reduces build time, allows prefabrication and dramatically cuts costs. Using straw bale for walls is similarly quick and cheap (and surprisingly effective and durable). Renders or cladding can be chosen to harmonise with the local vernacular, and while the ideal ecological roofing materials are not always cheap (solar roofs, thatch) some are more affordable (recycled car tyres, turf). All in all a simple, high density two storey terraced unit could cost as little as £40,000. Developing a site that is already used for housing may save money by enabling low cost connections to mains services.

3. The high level of repayments

Once the costs of the necessary finance have been totalled, it is easy to work out the rents necessary. Mortgages for housing co-ops should not be of the twenty-year variety common for householders; thirty years, or even longer, is more appropriate for a long term project. At first sight they still seem high; possibly within range for those on full housing benefit, but hard to

afford for low income workers or people with savings. At the same time, many will be frustrated that they cannot build up equity - rent paid to the co-op brings no return.

Our solution is a form of shared equity, once again using loanstock. Saving in loanstock brings no benefit from rising house prices, but it can provide a steady and fair return compared to other forms of saving. In any case, it would not be a principled option to encourage risky speculation on a scarce, essential commodity. Loanstock is limited under the banking act, and repeated deposits are usually considered 'deposit taking'. However, there is an exception where the investors are all members - and as there would only be one withdrawal (when the member leaves) it does not resemble deposit taking as conventionally understood. If a lower rent were accompanied by a deposit of loanstock (say, 25% of the rent) it would become a more rewarding proposition for the tenant. Members with savings could invest as a lump sum, rather than in instalments. When the member leaves, the co-op could repay them by remortgaging; the capital repayments made on the mortgage can be released to the departing tenant.

Loanstock is the only mechanism that works with FM1996 model rules. However, new rules developed by SCS will enable Housing Co-ops to issue withdrawable share capital – a more flexible method for achieving the same outcome.

The net effect of these proposals is that it is a very long time before the co-operative owns its property outright. However, that in no way prevents them from providing affordable housing in the meantime, recording a respectable profit, and continuing to grow and enlarge the stock of social housing. The interest payments, when made to a not-for-profit lender, are also being returned to the pool of finance for housing, and rewarding ethical investors.

4. Cash flow difficulties

There are undoubtedly challenges in modelling a cash flow for a project of this sort. However, we suggest applying the following principles:

- a. Agree a price subject to planning permission and complete the purchase when planning permission is granted. Experimentation has shown that there is really no alternative to this. The key here is an architect or surveyor who can provide the necessary detail for the application on the understanding that payment must await a successful outcome.
- b. Borrow in tranches. As the construction progresses, remortgage every few months on the strength of the increased value of the property. This will enable the release of funds for further building, and ultimately allow early repayment of the more expensive, unsecured finance.
- c. Site temporary accommodation in the form of static caravans in the curtilages of the building. This obviously is only possible with properties with large gardens or drives, and need not create an eyesore. Suitably clad, caravans can blend in to the overall design and become reasonably habitable and energy efficient. Even after the build is finished, there may be value in retaining them as temporary housing for prospective members of the co-op's next development.

5. Leasehold tenure

We have focussed on rent as a principal form of tenure. However, co-operatives in the US and elsewhere have prospered by selling long leases on their housing units, and there is no reason why UK housing co-ops could not do the same thing. It would have the effect of reducing the overall amount of finance to be raised (although it would of course also reduce the available security by a similar amount). More research is needed to establish a model for this.

Is it a good deal?

We modelled some figures for rent and equity in a backyard development that converts one large house with outbuilding into four two bedroom houses.

The tenants have quite high monthly outgoings: for a tenant of a two bed house, £490 per month (£113 week). However, because £404 of this is true rent, people on very low incomes can claim housing benefit for all or almost all of this portion. The remaining £86 is equity, and earns 3-6% interest each year – a very favourable rate for small savings. Consider someone who has a choice between this option and a 100% mortgage for such a property. Assuming a value of £120,000 – typical for the area - their monthly repayments would be £757, of which £263 is equity carrying no interest at all. If the Housing Co-op allowed its members to save more (and there is no reason why it might not) it should be clear that this is a much more favourable arrangement than home ownership.

Compared to local authority or housing association social housing, it is perhaps not as cheap. In South Somerset, a typical monthly rent for a three bedroomed house might be £320. However local authority or housing association tenancies may well offer no opportunity to acquire equity – and where they are available they have many downfalls as stated in the ‘Common Ground’ report. Tenants in this situation also have no control over rent levels or repairs, and anyone who has even modest savings to invest in the Housing Co-op would find that the interest received on those savings brings the effective cost of the accommodation down further. In any event, it is well known that the supply of social housing is woefully inadequate to meet demand. Compared to the private rented sector, the deal is vastly superior; rents of £600 per month are not at all unusual for a two bedroomed house, with again no equity and no control.

In short, this is a highly attractive option for people in a wide range of situations. Only families with children - considered an exceptionally high priority for social housing - will find anything remotely comparable in a reasonable timeframe. Even people with very substantial savings will do better out of this than out of owning a home of their own. This is important, because Housing Co-ops will build the most stable and flexible groups if they can attract a diverse group of people with widely differing income and savings. For example, just one member with substantial savings will relieve the pressure on low income tenants to save every single week. Such diverse groups also contribute a range of different skills and viewpoints to the Co-op's management.

Ways forward

No action from institutions is needed to make Housing Co-ops like this a reality. All that is required is for groups of people to self organise, contract the necessary expert assistance (experts on tap, rather than on top) and find a suitable property. However, there are certain actions that will accelerate the process.

- More networks and fora for prospective housing co-op groups to meet and learn are needed. These might take the form of secondary co-operatives, or they might happen within regional or national co-operative federations. There is no question that the Confederation of Co-operative Housing will remain the key apex body overall, but its profile is still low particularly among small and prospect Housing Co-ops. The key task that such federal bodies could undertake is technical aid – architecture, planning, construction – for new co-ops. As yet, few federals are offering assistance of this sort.
- Launch a model Housing Co-op as an example. There are as yet no working examples of this type of Housing Co-op, and the first will inevitably be the most difficult because it is without precedent.
- Promote the model widely. We would ask all Co-op Development Bodies and housing professionals to ensure that the potential of housing co-ops (as well as the commitment required) is understood by those who would benefit from them most.
- Look for opportunities to create more loan funds to ensure the supply of finance is not oversubscribed. There remain very few self financing CDFIs (Community Development Finance

Initiatives), and yet the amount of socially responsible investment in the UK is in the region of £220 billion. The CDFI movement may need to expand rapidly if it is to support capital intensive development like this effectively.

- Even with these innovations, housing co-ops need to be able to access lending on more favourable terms in order to bring repayment levels down. Slightly lower interest rates and terms of up to 40 years would make a big difference, as shown below.

Both of these are justified. The track record of Housing Co-ops show that they are exceptionally low risk; we were unable to find any case anywhere of a lender suffering a bad debt as the result of lending to a housing co-op. The conventional 25 year loan is related to the desirability of the mortgage being paid off within the lifespan of the borrower, and concern about depreciation of the asset. The issue of lifespan is irrelevant when lending to a housing co-op, some of which are now approaching their 40^h anniversary and going strong. The danger of depreciation is very low, given the large portion of the value that resides not in the building but in the plot on which it sits, and the numerous examples of cob, timber and stone houses that have endured more than 200 years. Negative equity is unlikely to be a hazard, provided that the lending on the finished property does not exceed 75-80%.

This is difficult in the present climate, with lenders still failing to pass on the recent falls in interest rates and liquidity in short supply. However, this should still be kept on the agenda.

- Lenders should consider whether they could lend against the value of the finished property, rather than the site alone. This could provide all the necessary working capital for construction to begin. It is to be expected that this form of lending should carry higher levels of interest and be repayable over a shorter timescale – especially for larger (and hence more profitable) projects that may require more working capital than this. The question of risk should be seen in the light of the excellent track record of housing co-operatives, and the possibility of revaluation to allow early repayment. However, any co-operative borrowing in this way would have to expect to have planning permission in place and a fixed price contract for construction.
- Identify and establish grant funds suitable for early funding. This will help meet early costs (registration, planning, architects) and reduce the pressure to raise loanstock.
- The further development of community land trusts and other institutions that can secure land for housing co-ops to build on will greatly assist. In fact, the current definition of Community Land Trust may include some housing co-ops – particularly those that use a multistakeholder legal structure that gives the local community some limited say in the running of the co-operative. This opens up the new Community Land Trust Fund to co-operatives.
- There are few large scale construction companies fully able to support low cost builds using materials such as straw bale. Some timber frame companies are offering useful services, but more could be done by specialised builders working with Housing Co-ops. Community Investment tax Relief is not available for housing, but could conceivably help finance construction co-ops. So far however, it has not proved to be a very effective mechanism to direct investment into community enterprise.
- Research is needed into a replicable model for the sale of long leases in Housing Co-ops, which protects the value of the owners' asset but gives the Housing Co-op rights over service charges and the manner of resale. It may, however, be necessary to await relief from the credit crunch before this can be fully implemented.

Case study: large house with barn and large garden

Year 1

	30 Year term		6.25% Interest		8.5% Interest			
	15 Year term	6.00%	Month 1	Month 2	Month 3	Month 4		Month 5
Mortgage								
Loan								
Loanstock interest								
	Prestart	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	
In								
Mortgage	252,000				145,000			
Loan	130,000							
Loanstock	35,000	398	398	398	398	398	482	
Bank Interest								
Rent:								
House		1,382	1,382	1,382	1,382	1,382	1,382	
Barn					429	429	429	
Statics		495	495	495	495	495	495	
New build w pp								396
New build 2								
Total In	417,000	2,275	2,275	2,275	147,704	2,704	3,184	
Out								
Insurance		33	33	33	33	33	33	
Building and maintenance		0	0	20,000	20,000	20,000	20,000	
Administration		15	15	15	15	15	15	
Voids @ 3%		0	0	0	0	0	0	
Council Tax		150	150	150	150	150	150	
Audit Fee								
Purchase of buildings	360,000		15,000					
One-off costs	5,958	2,979	2,979		225			
Loan arrangements @1%	3,820	0	0	0	1,450	0	0	
Mortgage repayments		1,313	1,313	1,313	2,444	2,444	2,444	
Loan repayments		1,280	1,280	1,280	71,280	591	591	
FSA	70							
Loanstock interest								
Total Out	369,848	5,770	20,770	22,791	95,598	23,234	23,234	
Income-outgoings	47,153	-3,494	-18,494	-20,516	52,106	-20,529	-20,049	
Balance	47,153	43,658	25,164	4,648	56,755	36,225	16,176	
Loanstock balance	35000	35398	35796	36195	36593	36991	37473	
Mortgage balance	252000	251787	251574	251361	395965	395568	395172	
Capital repaid		213	426	639	1035	1432	1828	
One off costs break down								
Registration		£375.00						
Solicitors		£540.00						
Stamp Duty		£3,600.00						
Architect		£7,000.00						
Planning application		£400.00						
Survey		£450.00						
Total		£11,915.00						

Year 1 - continued

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
In							
Mortgage Loan		100,000					245,000
Loanstock	482	482	482	598	598	598	0
Bank Interest							5,713
Rent:							0
House	1,382	1,382	1,382	1,382	1,382	1,382	16,587
Barn	429	429	429	429	429	429	3,861
Statics	495	495	495	248	248	248	5,198
New build w pp	396	396	396	396	396	396	2,772
New build 2				792	792	792	2,376
Total In	3,184	103,184	3,184	3,844	3,844	3,844	281,506
Out							
Insurance	33	33	33	33	33	33	401
Building and maintenance	15,000	15,000	15,000	15,000	100	100	140,200
Administration	15	15	15	15	15	15	180
Voids @ 3%	0	0	0	0	0	0	0
Council Tax	150	150	150	150	150	150	1,800
Audit Fee						300	300
Purchase of buildings							15,000
One-off costs		225					6,408
Loan arrangements @1%	0	1,000	0	0	0	0	2,450
Mortgage repayments	2,444	2,444	2,444	2,444	2,444	2,444	25,937
Loan repayments	591	50,591	98	98	98	98	127,878
FSA					40		40
Loanstock interest						2,271	2,271
Total Out	18,234	69,459	17,741	17,741	2,881	5,413	322,865
Income-outgoings	-15,049	33,726	-14,557	-13,897	963	-1,568	-41,358
Balance	1,127	34,853	20,296	6,399	7,362	5,794	
Loanstock balance	37955	38438	38920	39518	40115	40713	
Mortgage balance	394775	494378	493982	493585	493189	492792	
Capital repaid	2225	2622	3018	3415	3811	4208	

Detail of housing	Type:	No:	@/month:	of which loanstock is:	Cost to build:
Existing house	Bedsits	4	280	49	0
Existing house	1 bed flat		390	68.25	0
Static 1	2 bed		300	52.5	7500
Static 2	2 bed		300	52.5	7500
Barn conversion	3 bed		520	91	50000
New build 1	2 bed		480	84	30000
New build 2	2 bed		480	84	30000
New build 2	2 bed		480	84	30000

Years 2 and 3

Rate of inflation:

2.00%

	YEAR 2				YEAR 3			
	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Quarter 9	Quarter 10	Quarter 11	Quarter 12
In								
Mortgage Loan	0	0	0	0	0	0	0	0
RR Loan	0	0	0	0	0	0	0	0
Loanstock	1,829	1,829	1,829	1,829	1,866	1,866	1,866	1,866
Bank Interest	431	0	0	0	255	0	0	0
Rent	9,935	9,935	9,935	9,935	10,134	10,134	10,134	10,134
Total In	12,195	11,764	11,764	11,764	12,254	11,999	11,999	11,999
Out								
Insurance	102	102	102	102	104	104	104	104
Maintenance	306	306	306	306	312	312	312	312
Administration	46	46	46	46	47	47	47	47
Voids @ 3%	298	298	298	298	304	304	304	304
Council Tax	450	450	450	450	450	450	450	450
Accounts	0	0	0	306	0	0	0	312
House Purchase	0	0	0	0	0	0	0	0
One-off costs	0	0	0	0	0	0	0	0
Loan arrangements @1%	0	0	0	0	0	0	0	0
Mortgage repayments	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333
Loan repayments	295	295	295	295	295	295	295	295
FSA	71	0	0	0	73	0	0	0
Loanstock interest	0	0	0	2,717	0	0	0	3,162
Total Out	8,902	8,831	8,831	11,854	8,919	8,846	8,846	12,319
Income-outgoings	3,293	2,933	2,933	-90	3,335	3,153	3,153	-320
Balance	9,087	12,020	14,953	14,864	18,199	21,352	24,506	24,186
Loanstock balance	42542	44371	46200	48029	49894	51760	53626	55491
Capital balance	491528	490264	489000	487736	486472	485208	483944	482680
Capital repaid	5472	6736	8000	9264	10528	11792	13056	14320

Cost Analysis for year 3

Income in a typical year	48,252
Expenditure in a typical year	38,930
Annual surplus	9,322
As a % of income	19.3%

Profit and loss for year 3

Turnover	40790
Less:	
Overheads	5254
Interest	28265
Profit	7270