

**BUILDING INVESTMENT  
IN SOCIAL HOUSING  
NO COST TO LOCAL  
AUTHORITIES**

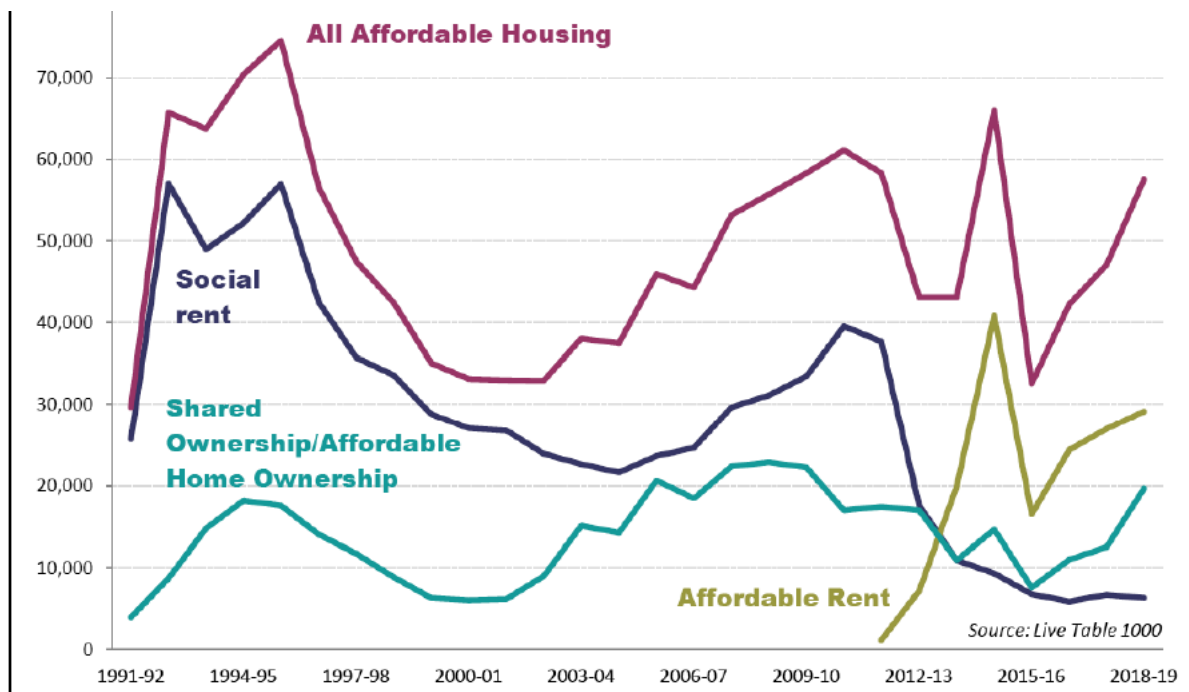
## SOCIAL HOUSING: THE CURRENT SITUATION



“The real victims are those who have to pay more rent and the people with low incomes who, in another age, would be housed by the social housing sector but who instead have had to make do in an increasingly unaffordable private rented market”

David Ireland Director of the Building and Social Housing Foundation

# SOCIAL HOUSING: CURRENT FUNDING MODELS AREN'T WORKING



- In percentage terms we received over 51% of the cost of each home in government grant in 2008-11 compared to less than 12% today
- On average the cost to build each home has increased by 42% – or £85,000 – to £285,000 per home in less than a decade.
- The government logic was that housing associations would recoup the extra cash laid out at the start over time through the higher rent payments residents would make.

“there are limits to what can be done on this financial model and once those limits are hit then something else has to be arrived at”

Helen Evans CEO Network Housing [source Why aren't Housing Associations Building More Social Rented Homes - Network Housing 2019]

# SOCIAL HOUSING: THE BRIKCOIN SELF-FUNDED SOLUTION

1. Local Authorities need to create sustainable communities where people want to and most importantly can afford to live
2. Healthy zero carbon homes contributing towards balanced, safe communities
3. Homes which are not subject to the 'right to buy' and provide tenants with secured long term tenancies
4. With the balance of tenures agreed to meet the community's and Local Authority's needs not the balance sheet of the developer
5. Providing up to 100% social rental homes or a balanced mix of affordable according to the local Strategic Housing Plan
6. Generating a fair and sustainable income stream direct to the Local Authority according to the balance of tenures
7. Tenant selection entirely at the discretion of the Local Authority
8. Properties remain in the ownership of Brikcoin the tenure of residents and rental values protected by a lasting covenant
9. Local Authority exposure to risk limited to parental guarantor of 50 year lease effectively underwritten by housing list demand

DESIGNED, PLANNED, BUILT AND MANAGED  
AT ZERO COST TO THE PUBLIC PURSE

# BRIKCOIN: HOW IT WORKS

1. Brikcoin partners with Local Authority and identifies land/conversion properties to meet Housing Strategy goals
2. Development scoped, costed and tenure mix/rental type agreed and projected over 50 year lease period
3. Local Authority conducts due diligence on financial projections and agrees to a 50 year rental income guarantee
4. The guarantee is set at a discount to all competing rental categories including LHA to ensure rental collections exceed the level of the guarantee
5. Brikcoin funds design, project management and build through formation of an SVP leveraging mezzanine funding
6. SVP funding partnerships provide with profits exit for equity partners in the region 10% within 18 months and are open to the formation of social enterprise partnerships with the Local Authority
7. On completion homes released to Local Authority which has full discretion of tenant selection
8. Property maintenance, management and tenant relations funded by surplus rents

**HOUSING WAITING LIST ENSURES OCCUPANCY LEVELS AND INCOMES EXCEED THE LEVEL OF THE COUNCIL GUARANTEE, EFFECTIVELY ASSURING EACH PROJECT IS SELF-FINANCING THROUGHOUT ITS 50 YEAR TERM**

# BRIKCOIN: TRANSPERENCY AND FINANCIAL SUSTAINABILITY

## Financial headlines of projected mixed housing development

### USES OF FUNDS

Site Purchase Price	£2,500,000
Acquisition Costs	£187,500
Gross Site Acquisition Cost	£2,687,500
Direct Construction Costs	£25,686,788
Cost Overruns	£0
Professional Fees	£3,031,041
<b>Gross Construction Costs</b>	<b>£28,717,828</b>
Community Levies (S106/CIL)	£0
Development Management	£942,160
Irrecoverable VAT	£807,140
<b>Total Development Costs exc. Financing</b>	<b>£30,467,128</b>
Senior Financing Costs	£719,455
Investor Equity Coupon	£755,926
<b>Total Financing Costs</b>	<b>£1,475,381</b>

**TOTAL DEVELOPMENT COST** **£34,630,009**

### SOURCES OF FUNDS

<b>PURE EQUITY</b>	<b>38%</b>	<b>£12,598,759</b>
<b>SENIOR FINANCE</b>	<b>62%</b>	<b>£20,555,870</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>100%</b>	<b>£33,154,628</b>

### PROJECT KEY METRICS

<b>Sale of Revenue Stream to</b>	<b>£41,556,011</b>
<b>Total Development Cost</b>	<b>£34,630,009</b>
<b>Project Gross Profit</b>	<b>£6,926,002</b>
<b>Total Net Sellable Area Cost/sqm</b>	<b>£2,002.02</b>
<b>Project Gross Profit on Cost</b>	<b>20.00%</b>

### PROPERTY KEY METRICS

<b>Units developed</b>	<b>293</b>
<b>Developed Built Area (sqm)</b>	<b>17,298</b>
<b>Average Construction Cost/sqm*</b>	<b>£1,485</b>

\* - exc. finance and fees