

One Housing and Quod: additional costs and income



About this presentation

The Stock Condition Survey carried out by Hunters was an independent review of costs for planned maintenance over the next 30 years, and helps us understand the overall condition of the homes, blocks and the estates in general. There are, however, other costs and incomes that One Housing will need to plan for, to be able to understand how each block and estate is performing financially. These additional costs and incomes include things like cyclical maintenance, responsive repairs and rental income.

We have therefore commissioned Quod, an independent consultancy, to carry out a piece of work to measure the financial performance of each block using both the results of the Hunters stock condition survey and other costs and income information from One Housing. The findings of this work are presented in the following boards, and help both One Housing and residents understand how financially viable each block is and inform conversations about how to plan for the future.

We are sharing this information, to be open and transparent about what it will cost to maintain the homes we own and manage on the Island, and to highlight where income will fall short of those running costs.

We understand that the financial picture is not the only thing that matters about the homes we provide. Residents have a wide range of concerns including the comfort and size of their homes, the local environment and facilities, and heating and other running costs. But paying for the upkeep of blocks and estates is an issue that has an impact on everyone.

We hope this financial information will help the community to understand some of the challenges we will face together in the future. We also hope it will inform shared and open discussions about how we can ensure that our residents have safe, comfortable and affordable homes for many years to come. We want to hear your views, concerns and wishes for your homes and the future of the Island.

Once there is an understanding of what residents think and feel about the results of the stock condition survey, what their wishes for their homes, neighbourhoods and communities are, we will then be in a better position to think about what we could do as your landlord to ensure better homes for the future.



Kingsbridge estate



St John's estate

Key terms

Cyclical maintenance

This is planned work that needs to be carried out on a pre-planned schedule. It includes annual work such as gas servicing and less frequent work such as exterior painting.

Maintenance and responsive repairs

Repairs for issues such as leaks that are done when residents report them to us on a day-to-day basis.

Voids and bad debts

Cost for empty properties, including preparing it for it to be rented again, as well as debts that can't be recovered.

Planned maintenance (Hunters)

Planned repairs and maintenance to help keep buildings and estates in a good condition and to reduce the risk of day-to-day issues.

Management

Costs for administration of the properties, letting and maintenance.

Exisiting loan

The interest cost from the loan originally used to purchase the homes.

Income from rents

The rental income One Housing receives from residents living in the homes.

Net present value (NPV)

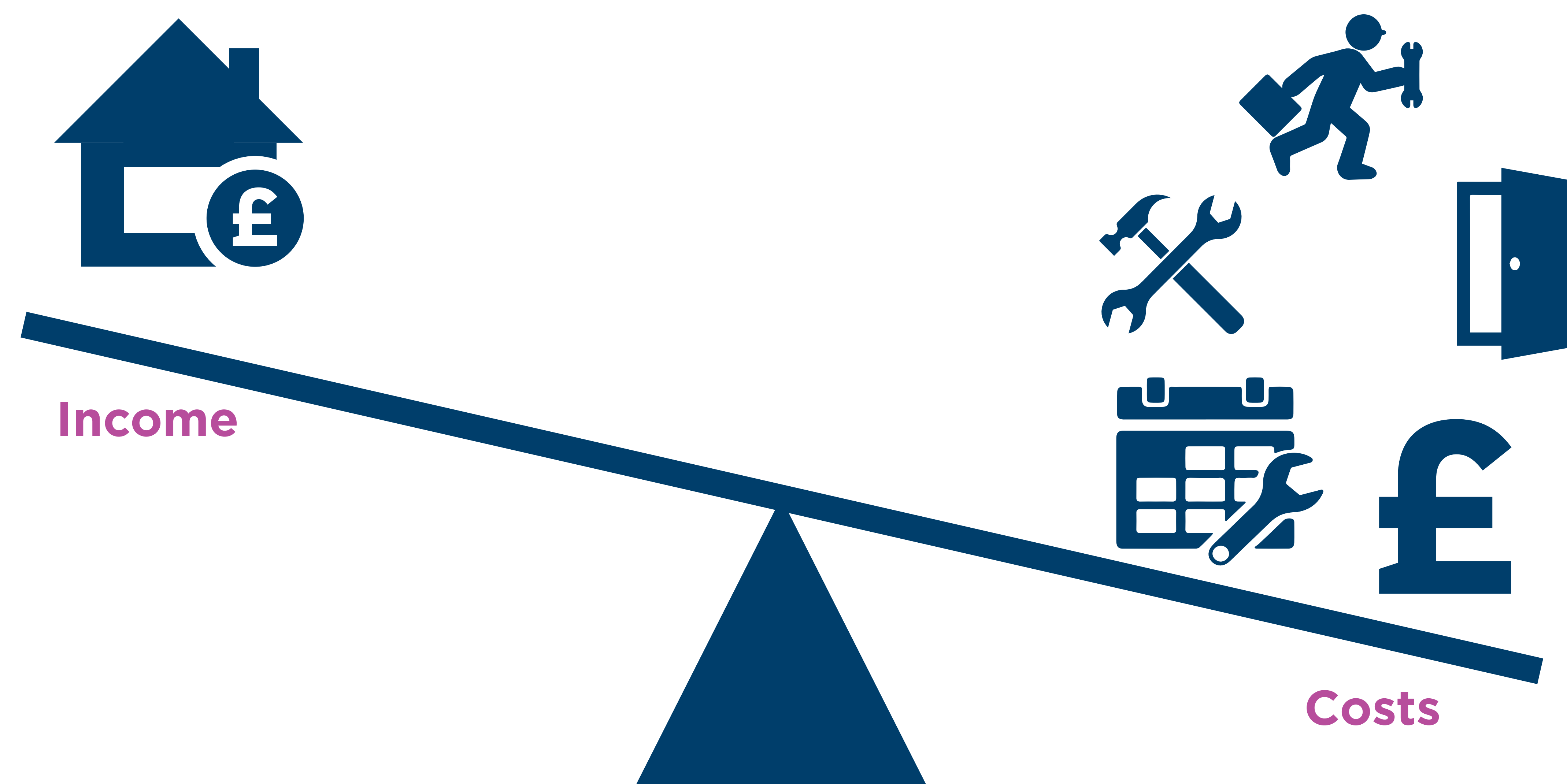
NPV is a standard calculation used in the financial world, to determine how secure an investment is by considering the value of cash and expenses today, over a long period of time.

The NPV shows which blocks are making enough income (through rents and service charges) to cover the long term expected costs to maintain them over a 30-year period. It is a value that represents future income, not income today.

A negative NPV means that the cost of running the block over 30 years is higher than the rental income we will receive. This becomes challenging as it means that there is not enough income to pay for sufficient works such as maintenance and major works.

Where there is a positive NPV, the block is financially viable to manage and maintain over the 30-year period.

Depending on the surplus, it may also be possible to carry out improvements to the block.



Barkantine estate block viability over 30 years



This table shows the costs per home on each block taken from Hunters' presentation (pink column) alongside the extra costs to show the total cost to maintain each block (blue column). This is then considered against the total income generated from rents for One Housing owned properties to produce the overall net present value for the block.

In the business as usual scenario, with no improvements made, 86% of the blocks on the Barkantine estate are producing a surplus while 14% are experiencing a loss.

Block (all figures shown are per home over 30 years)	One Housing rented planned maintenance costs (Hunters)	Cyclical maintenance	Maintenance and responsive repairs	Management	Voids and bad debts	Existing loan	Total costs (One Housing plus Hunters)	Income from rents	NPV
Kedge House	£78,000	£4,700	£25,900	£11,400	£4,500	£23,800	£148,300	£171,400	-£4,800
Alpha Grove*	£22,700	£600	£40,400	£32,500	£2,900	£0	£99,100	£113,000	-£4,100
Bowsprit Point	£86,200	£2,200	£29,700	£18,200	£5,000	£24,200	£165,500	£191,700	-£3,900
Topmast Point	£87,100	£2,200	£27,100	£16,800	£5,100	£24,500	£162,800	£194,800	£1,100
Knighthead Point	£84,100	£2,200	£27,100	£19,900	£5,100	£25,200	£163,600	£197,800	£3,200
Midship Point	£91,200	£2,200	£25,100	£14,700	£5,200	£25,000	£163,400	£199,300	£8,200
Alexander House	£48,500	£3,300	£33,200	£24,700	£5,000	£24,500	£139,200	£194,100	£26,500
Winch House	£41,900	£3,000	£15,000	£11,000	£3,900	£24,500	£99,300	£148,300	£28,100
Hibbert House	£48,000	£3,700	£29,500	£23,800	£5,000	£26,200	£136,200	£192,100	£29,200
Havannah Street	£37,800	£1,900	£17,900	£21,600	£4,100	£24,500	£107,800	£159,400	£30,200
Scoulding House	£44,100	£3,100	£35,800	£22,100	£5,100	£24,500	£134,700	£196,300	£34,000
Janet Street	£40,400	£2,200	£19,300	£23,400	£4,500	£24,700	£114,500	£174,700	£35,600
Tideway House	£49,700	£3,100	£36,000	£23,900	£5,900	£26,900	£145,500	£225,600	£47,500
Clara Grant House	£43,500	£4,500	£31,700	£12,300	£5,300	£24,500	£121,800	£204,800	£52,200
Gilbertson House	£38,100	£4,300	£25,900	£9,400	£4,900	£24,500	£107,100	£188,800	£53,900
The Quarterdeck	£44,600	£3,100	£32,100	£25,400	£5,900	£24,600	£135,700	£226,700	£56,700
Cressal House	£34,500	£3,900	£22,000	£11,400	£5,000	£24,500	£101,300	£192,300	£62,600
Strafford Street*	£44,400	£1,900	£20,500	£8,100	£4,500	£24,500	£103,900	£174,000	£80,600
Cheval Street	£43,300	£3,200	£27,700	£17,900	£6,400	£24,500	£123,000	£246,500	£84,300
Starboard Way	£50,800	£3,100	£19,600	£15,400	£6,400	£26,500	£121,800	£246,800	£84,800
Byng Street*	£44,800	£2,200	£29,700	£42,600	£6,100	£15,600	£141,000	£234,800	£86,900

*Some blocks have been grouped to reflect the way we store our financial information. Byng Street includes Spinnaker House, Stratfford Street include blocks 6-32 and 42-50 and Alpha Grove includes Mizzen Court and Forecastle Court.

Kingsbridge estate block viability over 30 years



This table shows the costs taken from Hunters’ presentation (pink column) alongside the extra costs to give us the total cost to maintain each block (blue column). This is then considered against the total income generated from rents for One Housing owned properties to produce the overall net present value for the block.

In the business as usual scenario, with no improvements made, 100% of the blocks on the Kingsbridge estate are producing a surplus.

Block (all figures shown are per home over 30 years)	One Housing rented planned maintenance costs (Hunters)	Cyclical maintenance	Maintenance and responsive repairs	Management	Voids and bad debts	Existing loan	Total costs (One Housing plus Hunters)	Income from rents	NPV
Michigan House	£52,600	£3,700	£17,600	£37,800	£4,300	£26,900	£142,900	£163,600	£600
Montcalm House	£40,200	£3,100	£13,700	£25,300	£3,800	£21,100	£107,200	£146,800	£19,700
Montrose House	£39,900	£3,100	£16,700	£26,800	£4,300	£24,800	£115,600	£166,000	£28,000

Samuda estate block viability over 30 years



This table shows the costs taken from Hunters' presentation (pink column) alongside the extra costs to give us the total cost to maintain each block (blue column). This is then considered against the total income generated from rents for One Housing owned properties to produce the overall net present value for the block.

In the business as usual scenario, with no improvements made, 44% of the blocks on the Samuda estate are producing a surplus while 56% are experiencing a loss.

Block (all figures shown are per home over 30 years)	One Housing rented planned maintenance costs (Hunters)	Cyclical maintenance	Maintenance and responsive repairs	Management	Voids and bad debts	Existing loan	Total costs (One Housing plus Hunters)	Income from rents	NPV
Reef House	£59,800	£4,400	£64,000	£32,300	£5,000	£34,400	£199,900	£191,200	-£28,600
Talia House	£61,200	£2,900	£63,700	£26,700	£4,700	£24,600	£183,800	£181,400	-£25,400
Pinnacle House	£58,500	£3,400	£88,000	£21,700	£5,300	£25,900	£202,800	£204,300	-£23,500
Hedley House	£53,600	£3,200	£63,100	£29,300	£5,200	£23,900	£178,300	£201,000	-£3,600
Ballin Court	£50,100	£2,000	£40,900	£25,500	£3,900	£0	£122,400	£149,500	-£300
Dagmar Court	£50,600	£2,000	£20,800	£29,200	£3,900	£23,900	£130,400	£150,800	£500
Kelson House	£72,900	£4,600	£38,100	£10,900	£5,000	£23,800	£155,300	£192,100	£5,800
Halyard House	£50,600	£3,000	£42,900	£49,500	£5,800	£24,700	£176,500	£221,200	£14,600
Yarrow House	£65,900	£3,700	£44,300	£19,100	£6,100	£24,500	£163,600	£232,900	£32,500

St John's estate block viability over 30 years



This table shows the costs taken from Hunters' presentation (pink column) alongside the extra costs to give us the total cost to maintain each block (blue column). This is then considered against the total income generated from rents for One Housing owned property to produce the overall net present value for the block.

In the business as usual scenario, with no improvements made, 67% of the blocks on the St John's estate are producing a surplus while 33% are experiencing a loss.

Block (all figures shown are per home over 30 years)	One Housing rented planned maintenance costs (Hunters)	Cyclical maintenance	Maintenance and responsive repairs	Management	Voids and bad debts	Existing loan	Total costs (One Housing plus Hunters)	Income from rents	NPV
Cedar House	£43,700	£4,100	£104,600	£20,500	£3,200	£16,300	£192,400	£121,900	-£79,000
Oak House	£41,800	£1,200	£75,400	£45,800	£4,800	£24,800	£193,800	£186,200	-£44,800
Watkins House	£34,000	£3,300	£51,200	£27,400	£3,100	£16,300	£135,300	£120,700	-£26,700
Glengall Grove*	£36,900	£2,400	£52,800	£42,000	£4,500	£33,700	£172,300	£174,300	-£13,100
East Ferry Road	£29,600	£2,500	£49,600	£21,200	£4,000	£39,200	£146,100	£153,700	-£2,500
Lingard House	£43,700	£4,200	£47,500	£30,000	£4,400	£21,100	£150,900	£170,600	-£2,000
Kingdon House*	£39,500	£3,900	£51,700	£32,900	£4,500	£22,000	£154,500	£173,100	-£1,800
Rugless House	£53,100	£3,200	£37,400	£25,100	£4,400	£21,800	£145,000	£167,400	-£400
John McDonald House	£38,700	£3,900	£75,000	£23,400	£5,100	£24,500	£170,600	£195,100	£1,600
Castalia Square	£61,700	£3,700	£49,800	£29,300	£5,500	£28,900	£178,900	£210,100	£3,800
Kimberley House	£38,200	£2,700	£20,000	£31,700	£3,800	£20,000	£116,400	£145,000	£10,400
Llandovery House	£53,600	£3,400	£24,900	£24,400	£4,400	£22,200	£132,900	£167,900	£10,800
Thorne House	£53,500	£4,700	£47,400	£20,900	£5,000	£24,500	£156,000	£192,700	£10,800
Alice Shepherd House	£65,000	£3,300	£30,400	£8,000	£5,000	£24,400	£136,100	£193,800	£26,600
Tamar House	£33,500	£3,300	£25,400	£24,100	£4,200	£24,500	£115,000	£163,100	£27,400
Ash House	£36,900	£4,000	£45,100	£11,800	£4,600	£22,000	£124,400	£175,600	£27,800
Finwhale House	£38,900	£4,500	£28,000	£22,200	£4,700	£26,100	£124,400	£180,000	£31,400
Elm House	£38,400	£4,000	£32,100	£21,900	£4,800	£24,700	£125,900	£184,800	£33,600
Skeggs House	£47,200	£4,400	£39,600	£21,900	£5,500	£26,400	£145,000	£209,700	£34,900
Chipka Street*	£29,600	£1,600	£49,800	£47,500	£5,900	£29,900	£164,300	£228,200	£35,900
Montfort House	£39,700	£3,400	£25,000	£25,600	£4,900	£25,100	£123,700	£189,300	£39,100
Valiant House	£32,100	£3,300	£21,500	£30,600	£5,100	£24,500	£117,100	£196,700	£51,900
Manchester Road	£50,700	£2,100	£12,500	£30,300	£5,600	£32,700	£133,900	£216,500	£52,400
Argyle House	£50,900	£3,800	£52,700	£28,900	£6,300	£38,900	£181,500	£241,900	£60,900
Normandy House	£31,700	£3,800	£44,100	£24,700	£6,700	£24,500	£135,500	£258,500	£83,400

*Some blocks have been grouped to reflect the way we store our financial information. Kingdom House include blocks 19-36, 1-18 and 37-54, Glengall Grove include blocks 47-65 and 5-35, Chipka Street include blocks 6-21 and 22-37.

Message from Richard Hill, Chief Executive of One Housing



Thank you for attending today's event which I hope will clearly illustrate some of the financial challenges we face, help to break down barriers and bring more people into the discussion of what we can and should do to create long-term plans for the Island.

As I said in my open letter in December, we know that there are some issues with our estates and these vary from block-to-block. There are also lots of opportunities and options for change — to provide better designed and better built homes, improve public spaces, provide more homes overall and enhance infrastructure.

But the only way we can move forward is to work with residents and the community to find our common ground and agree a workable plan that is affordable and gets the best deal for everyone concerned.

As I have said on several occasions now, I recognise that we have made mistakes. Our work on 'Project Stone' clearly was the wrong approach. Our aim was to understand what might be possible if we were to carry out major redevelopment before talking to residents about whether they would support such a plan. But instead this caused anxiety and a breakdown in trust.

So, we have consigned 'Project Stone' to history and want to make a fresh start. We are committed to being open and transparent and to engaging with our residents, to develop a shared plan for the future.

I look forward to hearing your views and meeting some of you at future meetings and events.

A handwritten signature in white ink, appearing to read 'R Hill', with a stylized flourish at the end.

Richard Hill

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