



heylo  
models of delivery

shared ownership . . . it's in our DNA



Lancashire County Pension fund is our cornerstone investor

£300m  
£800m

£300m of funding from Lancashire CC Pension Fund.  
Currently in the market to increase.

heylo

heylo's **core affordable housing** activity is shared ownership



heylo is one of the largest providers of shared ownership housing



pipeline of a further **2,000 properties** in the next **6 – 12 months**



currently over **2000 properties** in 159 **Local Authority** areas



no risk

heylo does not take **development risk** or **volume sales risk** – it acquires occupied new build and second-hand residential properties



Homes  
England

In 2017 heylo's subsidiary, heylo housing registered provider Ltd has **Register Provider (RP)** status with Home England

- Home Reach is a shared ownership affordable housing model for s106 delivery across England and Wales.
- Typically delivers 70% to 80% of open market value (dependant on sale share) from s106 shared ownership properties.
- Homes England standard form shared ownership leases with initial rents set 2.75% with RPI + 0.5% annual review - subject to S106 requirements.
- Home Reach properties are sold by the house builders. Customer journey is very similar to all other purchasers.
- Properties are marketed and offered for sale in full compliance with Nomination Agreements and in conjunction with local Zone / HomeBuy agents.
- Contracts between heylo and house builders ensure that Home Reach buyers meet the affordability and salary requirements, and limits, as set out by Homes England using HE calculators.
- Buyers are also independently financially qualified in line with current mortgage lender MMR guidelines to ensure monthly costs are sustainable and deliver long term affordability.

- Heylo is acquiring “Off the Shelf” properties from House Builders who are selling as Home Reach shared ownership.
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- Home Reach properties are marketed sold by the house builders with support from heylo. Customer journey is very similar to all other purchasers.
- Properties are marketed and offered for sale in conjunction with local Zone / HomeBuy agents.
- Contracts between heylo and house builders ensure that Home Reach buyers meet the affordability and salary requirements, and limits, as set out by Homes England using HE calculators.
- Circa 1700 properties contacted in 2018 with 300 currently in approval process.
- Major plc house builders increasingly seeing Home Reach as part of their sales programmes.

## affordability illustration when purchasing a 50% share in a home

Property Value	£200,000	£300,000
50% Share Value	£100,000	£150,000
10% Deposit on Share	£10,000	£15,000
Mortgage	£90,000	£135,000
Monthly Mortgage Repayment (2.88% interest)	£425	£637
Monthly rent on the unpurchased balance (initial rent of 2.75%)	£229	£344
Monthly Cost	£654	£981

The figures above are based on a 25 years repayment mortgage and a heylo housing home reach shared ownership lease with an initial rent of 2.75% on the unpurchased property value, increasing by RPI + 0.5% each year. Your home may be repossessed if you do not keep up the repayments on your mortgage or shared ownership lease. Additional service charges may be payable on properties with communal facilities or services. You will also need to consider the responsibilities and associated costs involved with owning a home (for example insurance and maintenance).

- Shared Ownership for Local Authorities and Registered Providers
- A new delivery model that increases capacity to provide additional rented properties.
- Provides flexibility that puts the Provider in total control, on a property by property basis, in terms of tenancy type and rental levels as well as unit retention or future disposal (via a sale as affordable shared ownership housing).
- Uses the standard form Homes England shared ownership lease that combines with a 'blanket' agreement for Provider subletting.
- Enables Local Authorities to efficiently and speedily invest General Fund or HRA monies (from Right To Buy and other sources) into new build or second hand housing.
- Used in conjunction with heylo's Home Reach solution for S106 properties Let's Share can deliver new build housing for rent at super low (or even nil) capital investment levels.

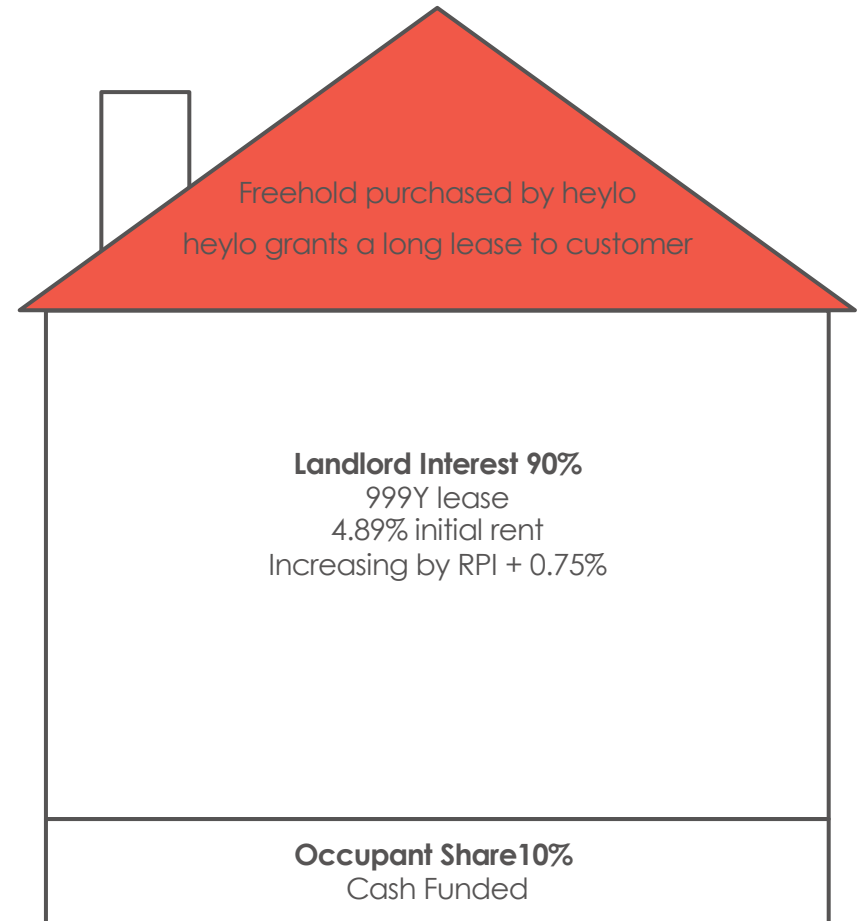
# Step One - rent to buy - using a shared ownership lease **heylo**

- Customers are offered a standard form shared ownership lease with a “gifted 1% share” and affordable low rent.
- Properties are provided with floor finishes and white goods.
- Provided that the customer pays their rent they, and their family, will have life-time certainty to occupy their home.
- Low Rent allows the customer to save for a deposit and move into ownership when they are ready via the established staircasing provisions in the shared ownership lease with a simplified valuation and legal process (costing c.£500).
- Via the staircasing provisions the customer will also have the option to buy a larger share using a mortgage, as typically happens in shared ownership.
- The weekly and monthly initial rents and indicative income requirements for various property values using this Rent To Buy model are as follows:

Property Value	Weekly Initial Rent	Monthly Initial Rent	Indicative Income Required
£150,000	£79.33	£343.75	£12,000
£200,000	£105.77	£458.33	£18,000
£250,000	£132.21	£572.92	£24,000
£300,000	£158.65	£687.50	£30,000

*Above figures based on S106 properties delivered as Step One with a 1% shared ownership lease and an initial rent of 2.75% on the property value (increasing annually with RPI + 0.5%). Income requirements are based on standard HCA affordability calculations.*

- A 'Mortgage-free' way to buy any existing home on a more affordable basis
- Helping families live securely in a property and location they want
- Customers buy a 10% share and get 75% of the house price inflation on the Landlord's share
- Household incomes are between £25K and £60K – affordability is set with a limit on monthly payments of 45% of net income.
- Customers benefit from 75% capital gains of unacquired equity.





- A “do it yourself shared ownership scheme” in partnership with the Local Authorities (LAs)
- Enables LAs to use affordable housing commuted sums and other capital funding to support local eligible households purchase new and existing homes through shared ownership homes beyond s106 new build delivery
- Eligible households are pre-qualified to ensure compliance with LA eligibility and affordability criteria and to determine buying budget. Financial assessments consider costs of occupying a property including mortgage payments and rent payable to heylo under the shared ownership lease
- Once approved, eligible households find their new home which is then acquired by heylo who issues them a standard 125 year shared ownership lease
- Subsidy from the LA enables heylo to charge a discounted rent on the shared ownership lease. A subsidy of 40% of the unpurchased share will mean a rent payable of 2.75% on the unpurchased share, subject to an annual review of RPI plus 0.5
- Households will have the right to increase their equity share in stages up to 100% ownership
- LA subsidy released through staircasing will be available for recycling to enable other households to benefit from the scheme

The background of the slide is a complex, abstract network diagram. It consists of numerous nodes, represented by small circles, connected by thin lines. The nodes are color-coded in a gradient: red and orange on the left, transitioning through yellow and green in the center, to blue on the right. Some nodes are larger than others, and some are highlighted with a white border. The overall structure is a dense, interconnected web of points and lines, suggesting a social or organizational network.

# heylo

Any Questions?

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