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# “Empower”

The Local Authority Do-It-Yourself  
Shared Ownership Scheme

**BMA** Property  
Group

## As a Local Authority you need to maximise your resources to provide the right mix of housing to meet the needs of your residents.

Not only that but you probably face the added challenges of having to:

- Provide enough suitable housing to local residents
- Reduce the rental demand
- Increase the housing stock available in your constituency
- Balance your finances and make the best use of all available funding
- Be innovative in discovering new ways to meet your strategic objectives.

### “Empower” Can Help

This popular Do-It-Yourself-Shared Ownership (DIYSO) scheme allows buyers to choose an existing property from the open market, rather than a newly-built home and:

- Instantly increases your available housing stock. You don't have to wait for a new development to be completed
- Allows you to flex the mix of stock depending on demand or strategic importance i.e. families, single people etc
- Gets local people onto the housing ladder
- Removes people from your home waiting lists
- Uses Right to Buy receipts
- Helps with financial planning
- Brings new stock into the market without the average 2-year lead time for new build
- Helps you to draw down grant funding.

### Background to DIYSO

The popular Do-It-Yourself-Shared Ownership (DIYSO) scheme on offer throughout the 1990s allowed buyers to choose an existing property from the open market, rather than a newly-built home. Government funding for the scheme was withdrawn in 1999.

DIYSO enjoyed high levels of customer satisfaction. Customers purchased properties on the open market, exercising similar levels of choice and control as traditional ownership, resulting in increased diversity of location and types of homes, something currently limited by the predominant new build approach.

### The solution

BMA Property Group (BMAPG) and our institutional investors have developed the first Local Authority DIYSO product. LA DIYSO is a part buy, part rent scheme designed to help local

people get on the housing ladder. Under Empower buyers can choose a home on the open market, giving them far more choice of a property to buy. It allows an applicant to buy a share in a home of their choice and pay an affordable rent on the part they don't own.

We understand that Right to Buy receipts cannot currently be used for shared ownership, however, the government is looking to give more flexibility on how they may be used in the future.

We believe that in most areas up to 3 LA DIYSO properties could be funded compared to 1 affordable rent.

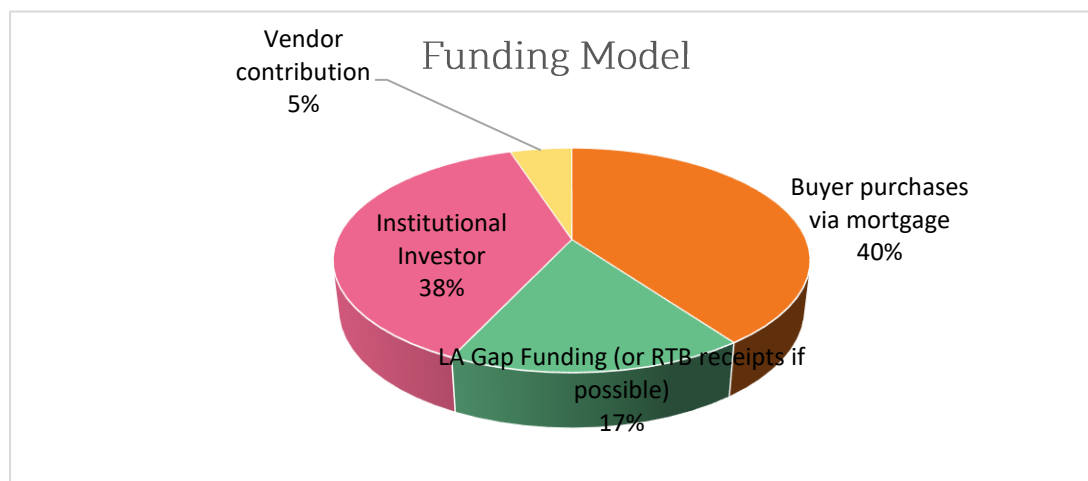
## The scheme objectives

1. To contribute to providing "a range of opportunities for residents to become owner-occupiers", resulting in an increase in housing stock for the Council. This will also ultimately remove people from the LA waiting list for homes
2. To promote good quality, choice and affordable opportunities for residents as it enables them not only to step on to the home-ownership ladder but also gives them choice in finding the property they wish to purchase
3. To help the Council's programme management and financial planning with LA DIYSO taking up RTB\* receipts and any grant slippage
4. Shows the Council's innovative approach to provide affordable homeownership solutions using private sector finance.

## Funding Model

The levels of gap funding required from the LA and the Funder are set out below. In addition, the table shows the financial assumptions and required mortgage levels per property purchased, and the income that a household would require, being able to purchase the property.

The level of LA Gap Funding may vary to reflect local property prices.



## Example of Costs for a Property Priced at £300,000

Vendor Reduction in sale price	LA Grant/RTB Receipts	Institutional Investor Contribution	Purchaser Cash or Mortgage	Typical Household Income Required
£15,000	£51,000	£114,000	£120,000	£34,550

An on-cost (administration and legal fees, and procurement) for the scheme paid for by the LA owner to the main Funders managing agent BMAPG.

The rent is charged at 2.75% of unsold equity and is paid to the main funder. Rents will increase each year by the Retail Price Index (measured at the end of September) plus 0.5 per cent. Rents will only be adjusted upwards. There will be no downward adjustment in rents if the RPI drops below 0%

The Council owns the property and pays an on cost to BMAPG per transaction

BMAPG market, administer and manage the property on behalf of the funder – this is contractual

Capital uplift on staircasing and on resale. The percentage share will be agreed between partners.

## Benefits & Summary

1. DIYSO has a track record of delivery at scale
2. Enables LA to spend RTB monies (if possible), increase stock without using HRA funds and if targeted can remove people from their council waiting lists for housing
3. Enables buyers to access the whole market to purchase rather than new homes only
4. One managing agent, BMAPG, for LA DIYSO product ensures consistency, resource, knowledge, branding and security for the funders.

# Get in touch and let's get started.

Working with BMA Property Group  
is both flexible and straightforward.

We can agree solutions quickly  
and implement them promptly.

If you have any questions,  
please feel free to contact Roy Hind.

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