



Investor Pack and Business Plan
Loanstock share offer no.2

July 2017



CONTENTS

	ABOUT KINDLING HOUSING COOP	4
	MEMBERS AND SKILLS	5
	WHAT IS A HOUSING COOPERATIVE?	5
	INVESTING IN KINDLING	6
	WHY INVEST?	6
	PLEDGE	7
	PLEDGE FORM	7
	BUSINESS PLAN	8



Kindling is a housing co-operative in Oxford which purchased its first house in September 2016. The co-operative consists of six members currently living together, who decided to take control of their housing situation and create a secure, affordable, low-impact, collectively owned and managed home together.

The group is currently made up of social entrepreneurs, campaigners, teachers, and designers involved in a range of environmental and social justice causes. We strive to live together in a non-hierarchical and ecologically sustainable way.

Kindling Housing Co-operative was established to provide a safe, stable and supportive environment for generations of politically and socially active individuals. We believe this is even more important at a time when other forms of housing are further out of reach. Oxford is now the least affordable city in the UK with rents and house prices continuing to escalate at unsustainable rates. In addition, cuts to housing support and the continued financialisation of housing have all compounded the fact that many people like ourselves struggle to find suitable accommodation. Our house provides a fertile living space for a diverse group of individuals and helps to ensure the continuation of vital social and ecological projects for a more equal society.

We are building a space that is low impact, consensually run, engaged with its local community, and actively working towards social change. We are located in an urban location that has connection to a modest growing and green space, where we aim to demonstrate a different way of living: taking control of our infrastructure, connecting to the community and ecosystem, whilst being practical, empathic, active and egalitarian.

The House

We currently own and live in a six bedroom home in Rose Hill, east Oxford which is financed through a combination of community investment (loanstock) and a conventional mortgage from ethical investor, Triodos bank. We are in discussion with the Ecology Building Society and Triodos for a mortgage, and we have a loan with our sister Co-op, Dragonfly, via Radical Routes.

Our house has the following characteristics:

- Adequate bedroom sizes and communal spaces allowing for storage
- Good natural light
- Garden suitable for growing food (with a bike shed with green roof)
- Potential for extension and/or further development
- Energy efficient and currently undergoing a retrofit to reduce our energy bills further.

MEMBERS AND SKILLS



There are currently six members of Kindling. The individual members bring skills in accounting, experience of running workers' co-operatives, project management skills, design, architecture, property maintenance, low impact living, working in groups and collective decision making. These skills are spread across the group and will help ensure a healthy and sustainable living environment for everyone.

WHAT IS A HOUSING COOP?



Housing co-operatives are registered not-for-profit organisations, set up to allow people to collectively control their own housing without necessarily owning the property they live in.

All co-operatives are governed by their members - in the case of housing co-ops, all tenants are members and members need to be tenants, current or prospective. According to the co-operative principles each member then has an equal say in any decision-making process, and an equal responsibility in the management of their home. This model thus allows grassroots control over housing, providing rented homes where tenants are collectively their own landlord.

We want to set up Kindling as a fully mutual non-equity co-operative, which means that, should it ever cease to exist, its assets have to stay within the co-operative movement and cannot be passed to any of the members, or be used for any investment outside the movement. Coming together and acting co-operatively, we can that way ensure housing remains in common ownership.

By setting up a housing co-operative, we therefore not only aim to empower ourselves to take control over one of the most fundamental aspects of our lives, but also to contribute to a transfer of private property to common ownership. We believe this way we can provide a safe and secure environment for people.

INVESTING IN KINDLING



To buy the house we raised a large amount of money, a lot of it coming from loans from individuals, which are paid back at the end of an agreed period (with interest on the original amount). This is called 'loanstock'. There are many more advantages to the community when using loanstock rather than a mortgage from a bank. We are now looking to refinance a short term loan we took to secure the house last year.

With a direct loan from an individual we can agree an amount, payback period and rate of interest that suits both parties. Currently we are looking for loans of a minimum of £5000, for a minimum of 5 years (10, 15 or 20 years would be better). For example, if we agreed an interest rate of 3%, (we offer 0-3% interest) this would be lower than a mortgage for us, but higher than a savings account for the saver, a win-win situation because we have removed (or reduced) the role of the middle-man (the bank). Another advantage of investing money within your community means benefits beyond a return of interest. By avoiding investing at the bank, less money will be going into industries which cause us grief.



WHY INVEST?

In addition to the benefits to your community, investing in a housing coop makes good financial sense. You have the option of getting a higher return than you would from the bank, it's fixed so you know exactly how much you will receive and when, and it's safe.

The safety of the investment stems from the fact that there is a dire need for affordable housing, especially in Oxford. At another Oxford housing coop – Dragonfly – there is always a waiting list of people wanting to move in. This means that we know there will not be empty rooms for long, even though we factor the possibility into our accounts. The rents will start at around 80% of the market rate but will not increase significantly as the market rate does, meaning that as time goes on the house has a lot of leeway in raising rents if necessary. In the unlikely event that the coop disbands, the house can be sold and creditors repaid.

How much do we need?

We need to find £12,500 of investment. Here is the income/expenditure for an 8 bedroom house for the first 20 years, (if you would like a full 40-year balance sheet we can send you one). Our rental income is based on 8 rooms at £477 a month inc. council tax, increasing 2% annually.

PLEDGE



If you are interested in our project but still have questions you would like to ask us, please feel free to contact us at info@kindlingcoop.org

If you would like to pledge a loan today, please fill in the form below and email it to us:

PLEDGE FORM



Name: _____

Contact Tel: _____

Email: _____

Address: _____

Comments: _____

TIME		AMOUNT (Eg £10,000)	PERCENTAGE (0-3%)
1	5 years		
2	10 years		
3	15 years		
4	20 years		
5	25 years		



20-year breakdown

	3.0%	<< Inflation rate				<< Interest rate co-op account			
	0.0%								
Mortgage Interest rate change?		0.50%	0.50%	0.50%	0.50%				
Adjusted main loan rate	3.50%	4.00%	4.50%	5.00%	5.50%	5.50%	5.50%	5.50%	
Total adj. to any other variable lo	0.00%	0.50%	1.00%	1.50%	2.00%	2.00%	2.00%	2.00%	
Void change this year?									
Voids this year	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Rent increase?		£2.00	2.04	2.0808	2.122416	2.164864	2.208162	2.252325	
Average rent charged this year	£100.00	£102.00	£104.04	£106.12	£108.24	£110.41	£112.62	£114.87	
Year	1	2	3	4	5	6	7	8	
IN									
Loanstock	£234,000	£90,000	£0	£0	£0	£0	£0	£0	
Mortgage + RR/other loans	£390,000	£0	£0	£0	£70,000	£0	£0	£0	
Current cash reserves	£0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Other (e.g. receiving loanstock)	£0								
Rental income	£31,320	£42,595	£43,447	£44,316	£45,202	£46,106	£47,029	£47,969	
Interest from bank	£0	£0	£0	£0	£0	£0	£0	£0	
Total IN	£655,320	£132,595	£43,447	£44,316	£115,202	£46,106	£47,029	£47,969	
Year	1	2	3	4	5	6	7	8	
OUT									
Total Purchase Costs	£594,571	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Extraordinary maintenance	n/a	£45,000	£0	£0	£0	£0	£0	£0	
Voids	£0	£2,130	£2,172	£2,216	£2,260	£2,305	£2,351	£2,398	
Insurance	£600	£618	£637	£656	£675	£696	£716	£738	
Maintenance	£0	£1,236	£1,273	£1,311	£1,351	£1,391	£1,433	£1,476	
Accountant	£0	£0	£0	£0	£0	£0	£0	£0	
RR service payments	£0	£0	£0	£0	£0	£0	£0	£0	
FCA fee	£200	£206	£212	£219	£225	£232	£239	£246	
Council tax	£1,735	£1,788	£1,841	£1,896	£1,953	£2,012	£2,072	£2,134	
Other	£0	£0	£0	£0	£0	£0	£0	£0	
New Mortgage type loans	£23,429	£24,660	£25,881	£27,089	£28,282	£28,282	£28,282	£28,282	
Total Loans	£23,429	£24,660	£25,881	£27,089	£32,487	£32,487	£32,487	£32,487	
Total OUT	£620,536	£75,637	£32,016	£33,387	£38,951	£39,123	£39,299	£39,480	
SURPLUS	SURPLUS	£34,784	£56,958	£11,431	£10,929	£76,251	£6,984	£7,730	£8,490
Loanstock Repayments									
From existing	£0	£0	£0	£0	£0	£0	£0	£0	
From Day One	£20,000	£69,000	£0	£0	£97,494	£0	£0	£0	
From Future Refinancing	£0	£0	£0	£0	£0	£0	£13,801	£0	
BALANCE	£14,784	£2,743	£14,174	£25,103	£3,860	£10,844	£4,773	£13,262	
Year	1	2	3	4	5	6	7	8	

5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2.297371	2.343319	2.390185	2.437989	2.486749	2.536484	2.587213	2.638958	2.691737	2.745571	2.800483	2.856492	
£117.17	£119.51	£121.90	£124.34	£126.82	£129.36	£131.95	£134.59	£137.28	£140.02	£142.82	£145.68	
9	10	11	12	13	14	15	16	17	18	19	20	

£0	£30,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

£48,928	£49,907	£50,905	£51,923	£52,962	£54,021	£55,101	£56,203	£57,328	£58,474	£59,644	£60,836	
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£48,928	£79,907	£50,905	£51,923	£52,962	£54,021	£55,101	£56,203	£57,328	£58,474	£59,644	£60,836	
9	10	11	12	13	14	15	16	17	18	19	20	

n/a												
£0	£10,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£10,000
£2,446	£2,495	£2,545	£2,596	£2,648	£2,701	£2,755	£2,810	£2,866	£2,924	£2,982	£3,042	
£760	£783	£806	£831	£855	£881	£908	£935	£963	£992	£1,021	£1,052	
£1,520	£1,566	£1,613	£1,661	£1,711	£1,762	£1,815	£1,870	£1,926	£1,983	£2,043	£2,104	
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£253	£261	£269	£277	£285	£294	£303	£312	£321	£331	£340	£351	
£2,198	£2,264	£2,332	£2,402	£2,474	£2,549	£2,625	£2,704	£2,785	£2,868	£2,955	£3,043	
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£28,282	£28,282	£28,282	£28,282	£28,282	£28,282	£28,282	£28,282	£28,282	£28,282	£28,282	£28,282	£28,282

£32,487	£32,487	£32,487	£32,487	£32,487	£32,487	£32,487	£32,487	£32,487	£32,487	£32,487	£32,487	£32,487
£39,665	£49,856	£40,052	£40,254	£40,461	£40,674	£40,892	£41,117	£41,348	£41,585	£41,829	£52,079	
£9,263	£30,051	£10,853	£11,669	£12,501	£13,347	£14,209	£15,087	£15,980	£16,889	£17,815	£8,757	
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£0	£52,243	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£0	£0	£5,100	£0	£0	£0	£30,416	£0	£0	£0	£0	£0	£0
£22,525	£333	£6,086	£17,756	£30,257	£43,604	£27,397	£42,483	£58,463	£75,352	£93,167	£101,925	
9	10	11	12	13	14	15	16	17	18	19	20	

A full 40-year breakdown is available on request

