



AYLESBURY WOLVERTON LEASEHOLDERS

SUMMARY NOTE

L&Q and London Borough of Southwark have developed a bespoke leaseholder ownership product to enable a group of leaseholders currently living at Wolverton to purchase new shared ownership homes in a number of L&Q schemes in the south east.

This summary note sets out the key features of the product, the base assumptions used in developing the modelling and the level of subsidy required to enable leaseholders to take up the product.

It is agreed that L&Q will provide the first £100k of subsidy with the council providing up to a further £100k of subsidy as an adjustment to the premium payable for Site 7 Aylesbury. Each offer to individual leaseholders to be agreed by both L&Q and the council.

Key features of the product

- Lease based product
- Nil rent on unsold share
- No rights of re assignment/ transfer unless leaseholder invests a minimum of 75% of the value of the property
- Distribution of capital value uplift between L&Q/ leaseholder as follows
 - 1 bed: leaseholder receives a percentage of the capital value uplift proportionate to their equity stake in the property (i.e. they invest 69% of the total value of the property; at point of resale they are entitled to 69% of the value uplift on their initial investment of 69%)
 - 2 beds: leaseholder is not entitled to any of the capital value uplift; L&Q entitled to 100% of the uplift in value

L&Q Base assumptions

- Rent inflation = $(RPI + 0.5\%)$ where RPI is assumed to be 2.5% for the life of the product
- House Price Inflation = $(RPI + 0.5\%)$ where RPI is assumed to be 2.5% for the life of the product
- We assume 100% of the remaining tranche is staircased in year 26
- Discount Rate = 7%

Examples of level of subsidy required

Subsidy requirements per unit based on the leaseholder investments shown are listed in Table 1

There is no option of converting outright sale properties to shared ownership.

Table 2 sets out the properties available.

Table 1: Subsidy required per unit

Leaseholder Address (Wolverton)	No of bedrooms	Valuation of L&Q property (£)	Leaseholder Investment (£)	Equity stake (%)	Capital uplift entitlement (Y/N)	Share of capital uplift (%)	Subsidy required (£)	Notes
2	1	£ 195,000.00	£ 132,500.00	68%	Yes	68%	£ 6,501.00	This offer is for Silwood estate
11	1	£ 180,000.00	£ 142,500.00	79%	Yes	79%	£	
13	1	£ 195,000.00	£ 127,500.00	65%	Yes	65%	£ 9,878.00	
17	2	£ 250,000.00	£ 132,500.00	53%	No	0%	£ 17,604.00	
20	1	£ 195,000.00	£ 131,000.00	67%	Yes	67%	£ 7,619.00	
21	1	£ 195,000.00	£ 140,000.00	72%	Yes	72%	£ 2,100.00	
24	2	£ 250,000.00	£ 140,000.00	56%	No	0%	£ 11,396.00	
36	1	£ 195,000.00	£ 85,000.00	44%	Yes	44%	£ 35,370.00	

Table 2: Available properties

Development	One bedroom units	Two bedroom units
Ruskin Walk, Walworth	4	8
Silwood, Bermondsey	Tbc	Tbc
Ravensbourne, Chislehurst	tbc	Tbc

