



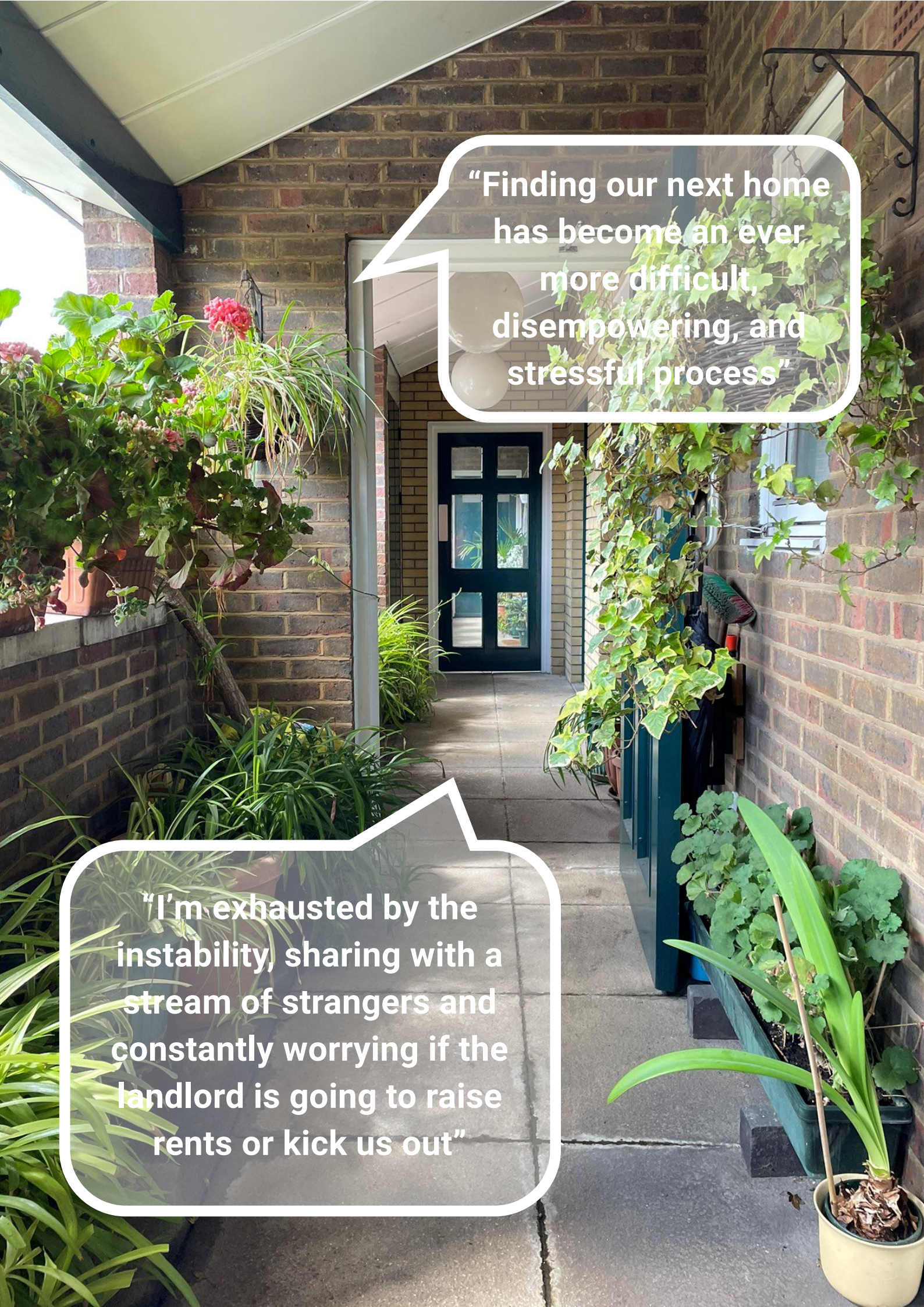
Collective Ownership

A transformative model for housing in the UK >

Stable and affordable homes controlled by residents >

Impactful investment in a fairer future >

Investment Pack June 2026



“Finding our next home has become an ever more difficult, disempowering, and stressful process”

“I’m exhausted by the instability, sharing with a stream of strangers and constantly worrying if the landlord is going to raise rents or kick us out”

Investment Offer Summary

Support Collective Ownership raise capital to remove properties from the private market and fundamentally change UK housing.

Investment Required

£450k - £2.9m
for 2-5 demonstrator projects

Investment Type

Investment as a loan

Individual Investment Amount

£10,000 - £750,000
Contact us for higher amounts

Return

Choose your return
0% - 4% pa
Lower rates are more supportive

Investment Length

Choose to invest between
5 - 25 years
Longer terms are more supportive

Repayment

Capital and interest paid at the end.
Can be requested sooner.

Security

£400k - £1m
investment can get **second charge** against property

Security

£1million +
investment can get **first charge** against property

Disclaimer: Investment in COS is not covered by the PRA's Financial Services Compensation Scheme (FSCS) protection. This means that while all the money invested in COS is used to purchase tangible assets and COS has the legal duty to repay your investment on the agreed terms, part or all of your money is still at risk in case of failure. Collective Ownership has a range of processes to mitigate risks, but if you are in doubt about investing, you should consult an Independent Financial Adviser with specialist knowledge of social investments.

A transformative model for housing in the UK



Collective Ownership is a carefully crafted tenure to address housing insecurity, bridging the gap between private renting, home ownership and social housing.

- Homes democratically controlled by residents
- Not-for-profit, stable and affordable housing
- Rent levels independent of the private market
- Resilient and scalable with high social impact
- An alternative for everyone, including those who cannot access social housing and cannot buy their own home
- Decommodified and commonly-owned properties to prevent speculation and rent extraction

Introduction

Housing in the UK is in crisis with increasingly fewer people able to access affordable and stable homes. Many are unlikely to ever access public housing and are financially excluded from home ownership. Increasing numbers of families and older people remain in private rent. Surveys show that a third of private renters are not satisfied with their housing, the greatest dissatisfaction rate of all tenures. Privately rented accommodation is more likely to be insecure, poorly managed and maintained, and potentially more dangerous. Despite the poor quality of accommodation, private renters spend a greater proportion of their income on housing costs than those in other tenures.

The issue is not just the **unaffordability** of private rents, but the **dis-empowerment** in making changes to, and looking after your home, coupled with **instability**, which makes putting down roots difficult.

Community-led alternatives to conventional housing, such as Community Land Trusts and Housing Co-operatives, already exist and have delivered higher resident satisfaction through control and belonging. However, in the UK, these initiatives are hard to set up and typically remain as small one-off schemes rather than building on one-another to impact the market.

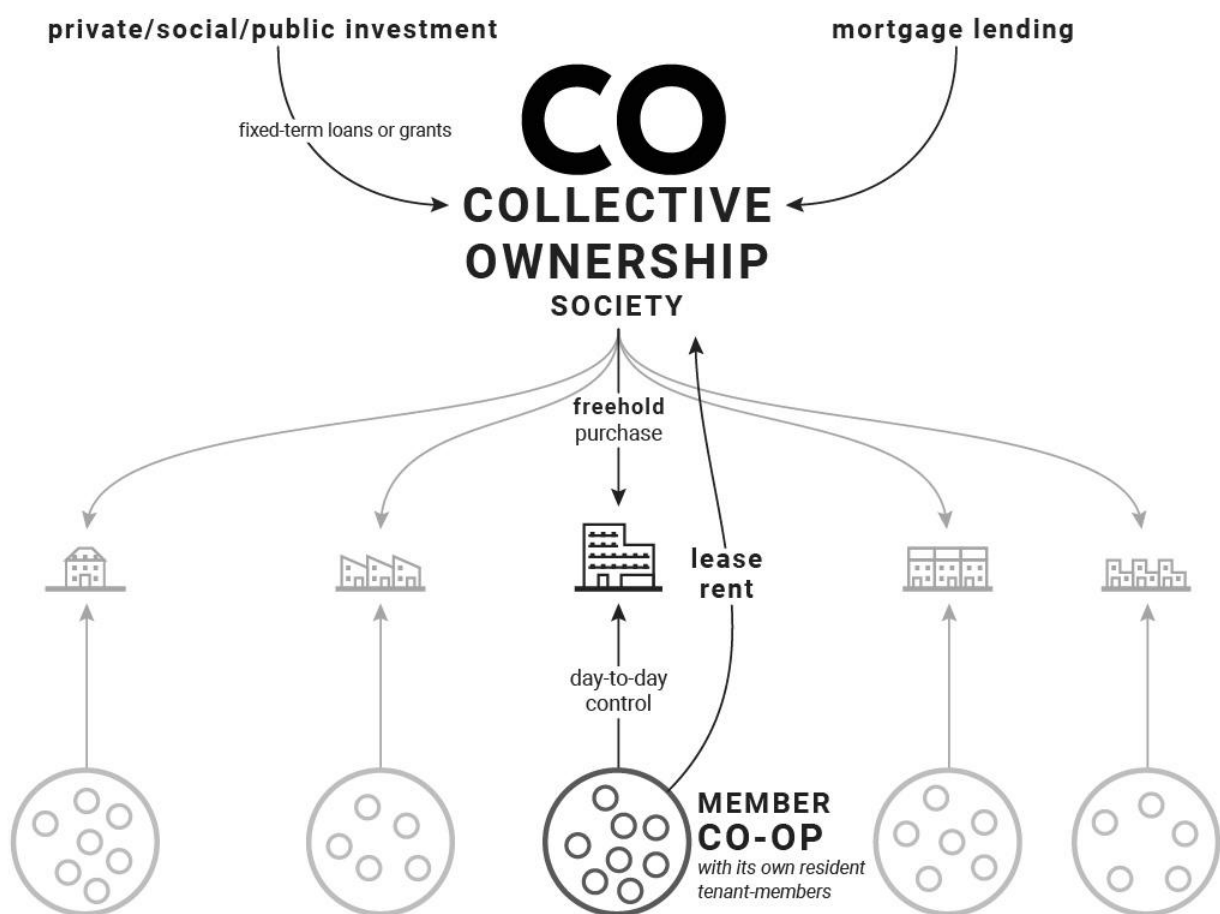
Collective Ownership tackles housing insecurity at **scale**. The aim is not just to create **stable and affordable** homes that **people control** – but to build a **social purpose and not-for-profit alternative to the private sector**.

This new tenure is delivered through a high impact and efficient investment vehicle: **The Collective Ownership Society**.

The Collective Ownership model

The Collective Ownership model hinges on separating the functions of:

- **Day-to-day housing management and the lived experience**, which is kept in the hands of residents organised as *housing co-operatives*¹ (Member Co-ops);
- **Growth and replication through raising and managing funds, property acquisition and asset management**. This is the role of the Collective Ownership Society.



Collective Ownership

Acquires property

Professional board with residents, experts & investors

Investors

Provide capital

Individuals, organisations, and residents have flexible investment options

Residents

Control their homes

Organised as housing co-ops, Lease rents are recirculated

The Collective Ownership Society (COS) is a professionally run, not-for-profit, investment and freeholder vehicle that focuses on expanding the number of homes in Collective Ownership. It operates like a property fund, raising finance to purchase properties using investments, grants and donations. Properties are held long term and leased on a rental basis to groups of residents incorporated as housing co-operatives (Member Co-ops) who control the day-to-day management of their homes. COS receives a steady income stream (the lease rent) from its members and, over time, builds an assets portfolio of properties which can be utilised to further deliver growth and affordability. This mutual, nested arrangement ensures that control of the things that matter most to the lived experience sit close to residents, while allowing for replication and scale at the collective level.

Member co-ops are the corporate members and lessees of COS. They manage COS' properties as housing co-operatives and issue tenancies to their own resident-members. Residents democratically control and manage their homes day-to-day, pay rent to their co-op to cover day-to-day maintenance, administrative costs and the *lease rent* to COS. Member co-ops also have a role in COS governance, stewarding its objects and mission.

Lease rents paid by Members Co-ops are set on a real cost basis and not in relation to market rent. Lease rents cover the cost of capital to repay investors, the cost of major works to maintain asset value, running cost and to grow a property acquisition fund. Favourable investment terms, discounted property purchases, grants and donations all help to keep the lease rent low and make resident rents more affordable. This "cost-rent" approach brings long-term stability, predictability and affordability for residents and provides a transparent framework for the COS approach.

Collective Ownership mutualises property assets across projects, creating a **financially robust, scalable and impactful** model that permanently removes properties from the private speculative market.

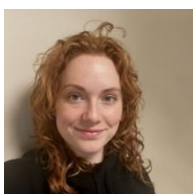
¹ A housing co-operative is a group of residents who collectively manage their own housing through their own democratically run and not-for-profit housing association (incorporated as a Co-operative Society). All residents are both a member and a tenant of their own association which effectively makes them their own landlord. They democratically make decisions about repairs, maintenance, who moves in, and how the co-operative association is run. Because all members are tenants, and all tenants are members, there is never an incentive to charge more rent than necessary and any surplus goes back into maintaining and improving the homes and the community rather than to profit an external landlord.

Corporate Structure and Governance

All legal entities part of Collective Ownership (COS and Member Co-ops) are FCA-registered Co-operative Societies. All assets and income are owned at the corporate level and prevented from appropriation into private hands. This corporate structure embeds and protects the not-for-profit social purpose of the Collective Ownership tenure. It was reviewed and validated by a King's Counsel housing barrister to ensure it allows for flexible investments, tax efficiency, professional asset management and democratic resident control.

The Collective Ownership Society operates as a secondary housing co-operative, where lessee-members are corporate bodies. It is managed by a Board of housing professionals, representatives of member co-ops and key partners.

The Collective Ownership Board



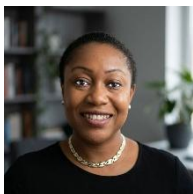
Freya Field-Donovan (Secretary), governance and management expert for Housing Associations and Tenant Management Organisations (TMOs), and Secretary of *Rode Housing Co-operative*.



Jon Lee, Business Development Specialist at *Wrigley's Solicitors* and expert in ethical finance, formerly Business Development Manager at Ecology Building Society and The Co-operative Bank.



Levent Kerimol (Executive), *Community Led Homes* director at CDS Co-operatives, and formerly at the Greater London Authority (GLA) Regeneration team, specialised in design, planning, and real estate.



Nnenna Urum-Eke, Local Authority Housing & Regeneration Officer and Chair of *Elevation Mutual Housing Co-operative*.



Gauthier Guerin (Treasurer and Executive), Director at *Catalyst Collective*, specialist in financial strategy, modelling and investment for community housing, and expert in society law, financial regulations, accounting and tax regimes.



Vivian Woodell, expert in co-operative entrepreneurship, CEO of *The Phone Co-op Foundation for Co-operative Innovation*, Founder of The Phone Co-op, board member of Our Coop, Co-operatives Europe and Student Co-op Homes.

Residents and professionals working together to build a different kind of housing infrastructure: commonly-owned and not-for-profit.

Member Co-ops

Member Co-ops work as primary housing co-operatives (where tenant-members are individuals). Collective Ownership currently has eight corporate members. They represent a diverse range of pioneer resident groups. We have worked closely with these groups to ensure they are “property ready”, which includes training on co-operative governance and housing management, as well as their governance role in COS.



Rode Housing Co-op

Founded by a group of housing workers, community organisers and architects in 2020, who have known each other for many years through various housing networks. They aim to address to housing precarity in London and enrich knowledge and self-reliance, and accommodate many different lifestyles, by providing equal sized bedrooms and communal rooms.



Elevation Mutual Housing Co-op

Formed by a group of Black Christian families struggling to make ends meet in the private rented sector. They share the belief that a house or flat is first and foremost a home, that should enable communities to grow and flourish. They are seeking new build houses in Enfield and aim to include those in need of Temporary Accommodation.



Rising Sun Housing Co-op

Formed by a group of musicians and creatives living in a former pub, when their landlord put it on the market. The aim is to save the building both as a home and workspace. It contains a recording studio, rehearsal space and intimate venue which the community can use free of charge. It also provides low-cost housing.



Raft Housing Co-op

A group of support workers, nurses, and musicians, active in social movements and community projects. They're committed to building a world that works for people and planet. They are seeking long-term, self-contained homes, ideally with shared spaces to establish a sustainable, regenerative and equitably run co-op, which stands in solidarity with the marginalised. They believe this is a vital alternative to the extractive market.



Moon Housing Co-op

A new housing co-op in South-East London, Moon aims to provide an affordable and community minded way of living for all people. They aim to have a mix of shared housing and individual flats for a variety of ways of living, and could also have a garden, communal kitchen, workshop, and more. Moon co-op is founded on a spirit of joyful participation and channels the needs and desires of members who come from a wide range of life circumstances.



Moss Housing Co-op

Moss works toward creating affordable, environmentally sustainable housing, embedded in and contributing to the local community. They believe lower renter turnover can lead to stronger long-term community. Moss values democratic decision-making, knowledge sharing, and collaboration to support similar projects, and eventually supporting through financial means.



Paula's Housing Co-op

Members believe in living co-operatively in affordable housing without private landlords and are involved in wider social change work in different ways.

The house they live in, and are seeking to secure, is a semi-detached in Birmingham with four bedrooms, a loft conversion, and a garden of at least 50m length.



Ilé-Yaad Housing Co-op

Ilé-Yaad aims to provide affordable and sustainable housing for Afro-Caribbean people in Kent. They aim to create an integrated, intergenerational and collaborative community of 6-12 households, with each member having their own home and shared facilities and being involved in collective and democratic decision making.

Partnerships and Support

The Collective Ownership Society has established partnerships with:



CDS Co-operatives a housing association managing around 3000 properties across the South-East, with a mission to support housing co-ops. CDS provides operational and management expertise to Collective Ownership, as well as in-kind and financial support.



Community Assets for Society and Housing (CASH) is a volunteer run Community Benefit Society founded by people living and working in co-ops. CASH delivers training for Member Co-ops, and raises Community Shares to invest into COS as another source of capital.



Member Co-op event jointly run with our partners CASH

SUPPORTED BY
MAYOR OF LONDON

The **Greater London Authority** has provided **revenue** support for the establishment of Collective Ownership through the Community Housing Fund.



CDS Co-operatives recently provided a **£1.25m investment** to kick start the first property acquisitions and attract further investment into Collective Ownership.

Stable and affordable homes controlled by residents



Collective Ownership focuses on stability and control to combat the insecurity and disempowerment faced by renters.

- Residents are free to control what they do with their homes
- Avoids the landlord-tenant dependency
- Stable rents with increasing affordability.
- Security, choice of property, and day-to-day control, similar to home ownership.
- Democratic management.
- An incentive to improve the sustainability and quality of homes.
- The ability to invest savings ethically with a fair return.

Social Impact

Immediate Impacts

Collective Ownership transforms the resident experience with a transfer of rights and responsibilities equivalent to home ownership, enabling families to settle down, manage and modify their homes, and participate in community life.

Affordability frees up household income for savings, healthcare, and education, driving financial inclusion, whilst also allowing lower paid but highly valued work in the care and creative sectors.

Stable and affordable housing is the foundation on which we **build our lives**, allowing us to **put down roots, plan, experiment, and grow.**



Members of Moon Housing Co-op form an inclusive community

Infrastructure for Long-Term Transformation

For impact investors, COS offers a self-sustaining financial model where "right to use" housing assets appreciate in financial value while generating social value in perpetuity. Surpluses are recycled to further the mission rather than enrich private individuals.

By establishing a "Social Purpose Housing Model" Collective Ownership challenges the extraction economy and demonstrates that alternative economic relationships are viable at scale. As the portfolio scales, the legal, financial, and governance infrastructure will build political support for community right-of-first-refusal and public land disposal policies, reshaping economic democracy from the ground up.

Measurable Outcomes & Metrics

We will capture outcomes through annual impact surveys using the *Quality of Life Framework 2.0* to track quantitative and qualitative data:

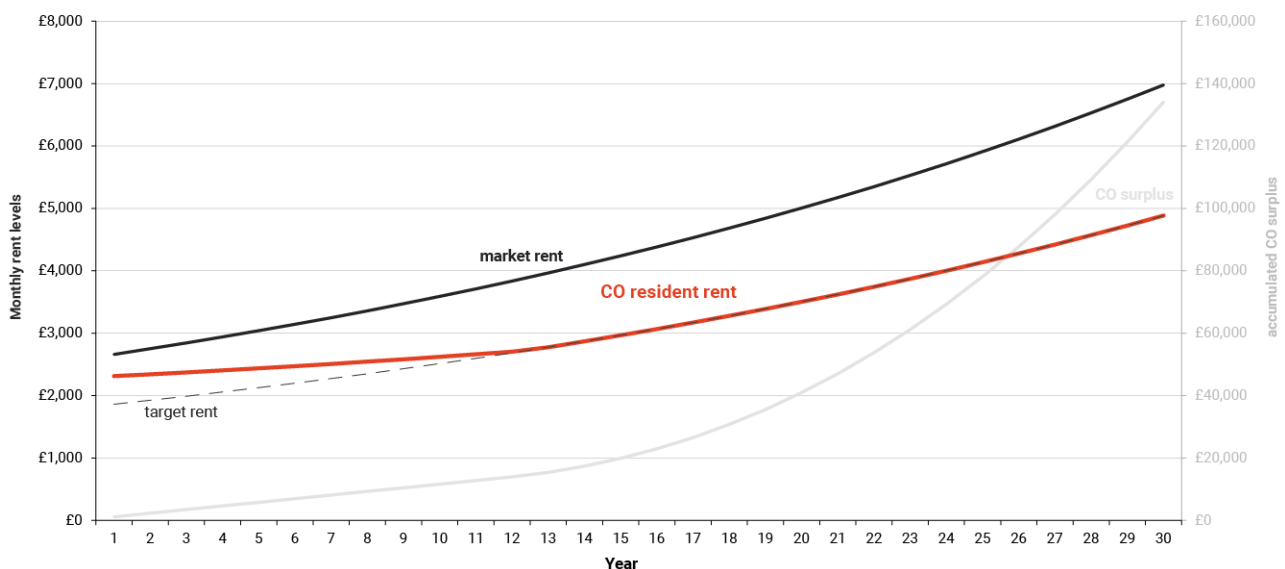
	<p>Housing Security and stability: Properties are kept out of speculative markets under permanent not-for-profit control.</p>	<p>Assessed through move rates compared to the PRS and reported sense of security and belonging.</p>
	<p>Economic Development and Wealth Redistribution: Surpluses are redirected into expanding housing provision rather than extracting wealth for private hands.</p>	<p>We will track the scale of provision and rent levels relative to market rates (tracked against ONS data).</p>
	<p>Community Empowerment and Democratic Participation: Co-operative decision-making structures build confidence and engagement.</p>	<p>Measured via the annual survey to capture civic engagement and decision-making.</p>
	<p>Equality, Diversity, and Inclusion: Private renting disproportionately impacts disadvantaged minority groups, who also face extra barriers when trying to create one-off community housing.</p>	<p>We will track how effectively Collective Ownership provides opportunities for people from marginalised backgrounds.</p>
	<p>Health & Environment: Stability and ownership incentivise energy efficiency upgrades, improving health and sustainability.</p>	<p>We will survey living conditions, well-being, and environmental / energy initiatives.</p>

Affordability

Collective Ownership is accessible to people without savings or deposits while providing more stability and control than private renting. Residents can also invest any savings they may have if they choose to. This will help support CO's mission while providing them with a return.

Initial rent levels depend on the overall cost of capital. Rents are more stable and become increasingly more affordable than market over time.

Grants, donations, investment on preferential terms, or being able to acquire property at a discount makes homes more affordable from day one.



The graph above illustrates resident rent trends, comparing CO with private rent. It also shows COS surplus generated for a given property. Rent increases as part of CO are only needed to cover costs and ensure viability ("cost rent" represented by the red line) and as such are decoupled from speculative market rents (the black line only represents a historical average). As the cost of capital reduces over time, rent levels will reach our target affordable rent target (70% of market rent) and will be kept at that level allowing the COS to generate larger surpluses to invest in new property purchases (grey line).

Demand

The UK has massive latent demand for stable and affordable resident-controlled housing. Private renting is heavily concentrated in urban centres, comprising 30% of housing stock in London (1.1 million dwellings) and 25–30% in cities like Birmingham, Manchester, Bristol, and Brighton.

This geographic concentration offers a focus for scalable deployment. While we operate across the country, initial efforts target London and Birmingham due to high rental density, acute affordability issues (London rents rose 10.6% in 2024, with average house prices at £526,000), and strong local networks.

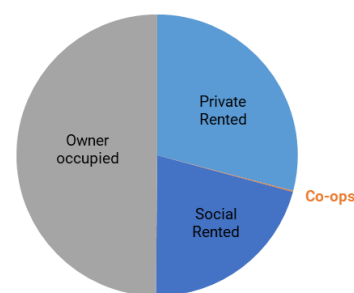
Conversely, the co-operative housing sector remains tiny. London has only around 5,000 homes in co-operative ownership (just 0.1% of stock), resulting in severe backlogs, such as a two-year waiting lists in some Housing Co-ops.

COS experiences consistent demand from individuals, families, and unhoused co-ops. The core demographics include "Generation Rent" (those in their 30s), key workers, freelancers, older single parents, and marginalised communities (LGBTQ+ and BME groups) where community belonging is vital. Private renting is disproportionately prevalent among disadvantaged minority groups.

While start-up co-ops organically form, they often fizzle out due to development risks, financial barriers, and a lack of professional expertise. This failure rate is even higher for racially and economically marginalised groups. Collective Ownership overcomes these barriers with a professionalised approach, collectivising financial credibility, and simplifying pathways.



Concentration of private rentals



Dwellings in London

We have over 150 households interested in forming groups around suitable properties. We provide resources and create pre-formed co-ops to make joining simple.

Member co-ops can source properties within set financial parameters. This empowers residents while generating a continuous pipeline of acquisitions. The Collective Ownership Society can also find properties and create co-ops around them.

Impactful investment in a fairer future



The Collective Ownership Society is a high impact and scalable investment vehicle to meet the broad demand for secure high-quality housing in the private sector.

- Investment in tangible assets – existing or new build stock
- A growing property portfolio
- Stable lease income
- Revolving, high impact investment which goes beyond funding one-off housing schemes
- Diverse investment routes
- Flexible investment terms and pathways
- Efficient asset transfer, tax treatment and use of funds

Investment Offer

Why is investment needed?

Despite the broad demand and urgent need for stable and affordable homes, developing an alternative housing model in today's market faces one major challenge: **access to a large amount of long term, patient capital**. This type of capital is needed because while housing is a straightforward and reliable business model (income from rent on residential properties), it takes a long time to service capital cost (loans and investments) at affordable rent levels.

Making a housing project affordable in today's market therefore requires a mix of:

- **Monthly repayable finance** (mortgage type): this has a direct and proportional impact on the rent levels as it is serviced through monthly rent payments. This finance part is obtained from lenders, COS partners and large investors.
- **Bullet repayment finance**, where capital and interest are repaid at the end of the term (loan stock / bond type): this is repaid in part through accumulated cash surplus from the lease rent and is partly replaced by new investment when the term is due. ***This part is crucial to make projects affordable and is the focus of this investment offer.***

As properties come onto the market, we need to have the funds ready to be able to secure opportunities before private investors.

Investment secured and required

We have developed Collective Ownership with revenue funding from the Greater London Authority. We currently have access to **£1.25m investment from CDS Co-operatives** as monthly repayable finance and **£100,000 as bullet repayment finance from an early investor**.

We are now seeking another **£450k to £2.9m** investment as bullet repayment finance to fund demonstrator projects and to purchase 2-5 properties for Member Co-ops.

Why choose to invest in Collective Ownership?

Drawing from professional expertise and learning from other form of alternative housing model, the two-tier structure of Collective Ownership was specifically designed to optimise the use of capital investment and maximise its impact². This is achieved in three main ways:

- 1. Building track record and economic power:** investment in CO creates a steady income stream (the lease rent) and a growing asset portfolio mutualised across all projects into an organisation dedicated to growth. When it comes to funding the next project, CO can demonstrate a track record of operation and income, and can leverage on its existing assets to finance new acquisitions and fuel growth.
- 2. Efficient recirculation of income:** because residents rent from their own co-operative (the Member Co-ops), and because Member Co-ops lease from their own property fund also established as a co-operative housing association (COS), both resident rent and lease rent benefit from a dedicated exemption from corporation tax. This means that financial resources generated from the acquired assets are optimised both in terms of rent affordability and in terms of surpluses to put into expanding the number of homes in Collective Ownership.
- 3. A standardised investment and ownership model:** by separating the assets ownership body (COS) from day-to-day housing management, Collective Ownership provides a standardised and consistent framework to form long lasting partnerships with key actors and investors who do not then have to dive into the intricacies of specific housing schemes. Meanwhile Member Co-ops can exhibit diversity to cater for a range of housing needs.

² New, single, isolated community housing schemes struggle to access capital from funders and lenders because of a lack of track record, lack of assets and because each one uses slightly different structures and models which adds a great deal of complexity. Even when such a project manages to succeed, residents are then busy managing their housing day-to-day and often do not have the human and organisational resources to put towards growth and expansion. As such the project's acquired assets and economic power are not utilised further and the impact of the investment stops at that single scheme.

Current multi-scheme organisations either suffer from lack of resident control as they grow as one single organisation (like large housing co-ops), or only partially mutualise assets and income and suffer from unfavourable tax regimes (like for CLTs) which greatly limits their growth potential.

Investment Terms

Collective Ownership can offer investment on flexible terms, **giving investors the choice** to decide what work best for them. Below are the key terms:

Investment type: Investment in Collective Ownership is made as a loan. A loan contract is signed between you as the investor and The Collective Ownership Society Limited (COS). The loan contract legally binds and protects both parties to the terms agreed as part of the agreement.

Investment amount: The investment amount can be anything between £10,000 and £750,000 per investor. For higher amounts, please contact us directly.

Investment length: Investor can choose to invest for 5 years, 10 years, 15 years, 20 years or 25 years. Longer investment periods provide more stability and predictability for projects.

Return on investment: Investors can choose a return between 0% and 4% per annum, calculated yearly on the outstanding loan balance. A lower rate of return means a more affordable rent for residents.

Interest accrual: Interest is calculated and added to the loan balance annually (i.e. the interest amount received compounds yearly).

Repayment: Both the capital and the accrued interest is paid out to investors at the end of the length term.

Early repayment policy: Investors can request an early repayment for part or all of their investment in COS. It is at COS' discretion to accept or decline such requests.

Security: All investment is used to purchase tangible physical assets in the form of residential properties. Investments between £400k - £1m are eligible for second fixed charge security against specific properties. Investments above £1m are eligible for first fixed charge security against specific properties.

Ring-fencing: If you have a specific interest in investing to support a particular group or project, your investment can be ring-fenced towards purchasing properties for this specific group.

Investment examples

- **£250,000 invested over 15 years at 3% interest**
the investor receives their 389,492 back after 15 years. The repayment is made of the original £250,000 invested plus £139,492 of accrued compound interest
- **£100,000 invested over 10 years at 2% interest**
the investor receives their 121,899 back after 10 years. The repayment is made of the original £100,000 invested plus £21,899 of accrued compound interest
- **£20,000 invested over 5 years at 0%**
the investor receives £20,000 back after 5 years with no interest

How to invest

1. Visit our website and fill in the investment pledge form at: www.collectiveownership.co.uk/invest. In the form you will be able to choose your preferred investment terms.
2. You will then be emailed a link to the loan agreement for signing within 5 working days of your submission, and our anti-money laundering requirements.
3. You will receive a copy of the signed loan agreement when signed by both parties (you and CO). CO keeps a copy of all loan agreements so if you lose yours you can request a copy.
4. You must then transfer the money by the draw down date specified in the loan agreement into COS' bank account (bank details will be supplied in the loan agreement).

[Investor FAQs](#) provide more information.

Outcome and Impact

Your investment will be used to create the first “demonstrator” projects and pioneer Collective Ownership as a tenure, allowing COS to acquire 2 to 5 buildings and house 12 to 30 people.

This phase building the initial property portfolio is the **most crucial in generating momentum to kickstart a new movement to fundamentally change UK housing**, moving beyond the concept stage into the reality of people’s lives.

Building on these first projects, Collective Ownership can demonstrate a track record and leverage additional finance to keep acquiring more properties. Your investment therefore has a long lasting and revolving impact, going beyond funding one-off projects. It creates assets and income streams which are repeatedly recycled into removing properties from the private market and bringing more homes into Collective Ownership.

Member Co-ops and Collective Ownership are constantly looking for suitable properties. However the market moves quickly, and we cannot confirm which exact properties will be purchased with your investment, but any project will pass our viability tests.

The number of properties purchased, the number of people housed, and the initial rent levels will ultimately depend on the amount and terms of investment raised.

Intended Acquisitions

We are presenting an example acquisition scenario based on three live properties with advanced discussions between the sellers and Collective Ownership. These properties were identified by The Rising Sun Co-op, Rode Housing Co-op and Moon Housing Co-op.

Residential Units & Art Studio



The property is made of flats and a former dry cleaner on the ground floor. It was identified by Rode Housing Co-op who will turn the ground floor into an art studio, with 4 residents living above. Our offer for the property has been accepted.

Investment target: £198k

7-bed property



This property is a large semi-detached house comprising of 7 bedrooms, a living and dining room, 3 bathrooms, a large garden and a shed, making it ideal for co-living. Moon Housing Co-op identified it as suitable for their group.

Investment target: £220k

Residential Units & Music Studio



The Rising Sun is a converted pub in Peckham made of 8 bedrooms. The building has been home to a group of Goldsmiths graduates since 2015, where they have created an ethnically diverse, LGBTQ+ friendly, interdisciplinary cultural hub and studio that has been instrumental in launching the careers of a range of artists. The property has been on the market and the tenants risked eviction but formed the Co-op in a continuing attempt to secure the property.

Investment target: £282k

Numbers at a glance

The total capital required for these 3 acquisitions including legal fees, land tax, contingency surplus and other initial costs:

£2,984,350

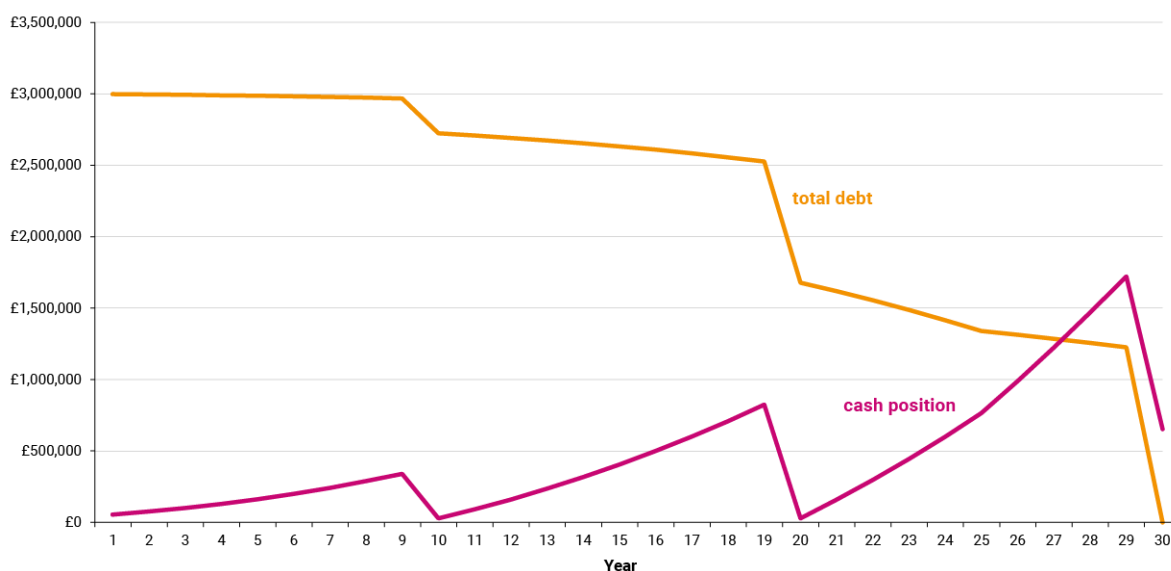
Financed by:

- Mortgage from Unity Trust Bank: £628,438
- CDS investment (mortgage type loan): £1,250,000
- Funds pledged for specific projects: £320,000
- COS existing funds: £100,000
- New capital to raise: £700,000

Ongoing financial viability: yearly average over the first 10 years:

- Lease income: £170,359 pa
- Operating expenditure: £16,220
- Mortgage loan repayment: £118,027
- Major repairs on properties: £9,460
- **Ongoing surplus to service investment: £26,652**

The starting resident rent required for each Member Co-op to build £2.5k of reserves per year and cover their ongoing costs is around **90% of the estimated market rent** for those properties and will further decouple over time to become more affordable.



Financial Projections for 3 'demonstrator' projects

Key assumptions:

- 1% interest rate increase on mortgage
- 3% void rate in residency for Member Co-ops
- 3% average return rate on investment
- Repayment and refinancing investment cycle every 10 years (peaks and troughs on the graph)

Risks

Investing in any project always has an element of risk. Collective Ownership has a range of processes and policies to assess and mitigate risks. There are two categories of risks when it comes to your investment:

- 1. Financial risks** where investors could lose part or all of their investment. Given that CO uses your investment to purchase tangible residential assets, and that we are bound legally to repay you on the agreed terms, the main financial risk lies in our inability to recover the value of assets if we need to sell them to repay your investments.
- 2. Social impact risks** where your money is not necessarily at risk, but where CO fails to deliver its mission.

The table below outlines some the key identified risks and mitigation measures in each category:

Financial risks

Risk and Impact / Consequence	Unmitigated			Mitigations	Residual		
	I	P	R		I	P	R
Property losing value due poor condition meaning COS cannot recover adequate value in the event properties need to be sold to repay investments.	5	3	15	<ol style="list-style-type: none"> 1. Carry out due diligence / building survey before purchase. 2. Plan for additional borrowing/budget at the start to allow for major works 3. Budget for major works is included as part of the lease rent for COS to protect its interest in the capital asset 4. Well-developed asset management plans 5. Financial plans ensure sufficient budget for day-to-day repairs at affordable rents 6. COS and partners provide support to members around property maintenance issues. 	4	2	8
Property losing value after an unpredictable event, like a fire meaning COS cannot recover adequate value in the event properties need to be sold to repay investments.	5	2	10	<ol style="list-style-type: none"> 1. COS ensures that all properties in the portfolio are insured adequately to recover costs of damage and restore value. 	5	1	5
Property market downturn meaning decreases in portfolio value preventing COS from recovering adequate value in the event properties need to be sold to repay investment.	3	3	9	<ol style="list-style-type: none"> 1. Regularly review and update investment strategy based on market conditions 2. Build cash reserves adequately to minimise repayment needed from property sales. 	2	3	6
Loss of lease income prevents COS from building sufficient cash reserves to repay investments.	4	4	16	<ol style="list-style-type: none"> 1. Build robust financial plans that include void rate for member co-ops and attractive rent levels to minimise the risk of voids. 2. COS and its wider members supports members with tenant recruitment and turnover to minimise voids. 3. Member Co-ops receive ongoing training on housing management, financial literacy and conflict resolution. 4. Ensure member co-ops maintain appropriate waiting lists 	3	2	6
Bank Interest rate rises prevent COS from building sufficient cash reserves to repay investments.	4	4	16	<ol style="list-style-type: none"> 1. Stress testing the interest when building financial plans 2. Financial plan built with DSCR > 120% 	2	4	8

Social impact risks

Risk and Impact / Consequence	Unmitigated			Mitigations	Residual		
	I	P	R		I	P	R
Failure to refinance investment mean that COS has to sell properties to repay investors, resulting in some people losing their homes.	5	3	15	<ol style="list-style-type: none"> 1. Financial models built with enough cash surplus to reduce refinancing amounts 2. Fixed term loan finance is predictable so we know when the refinancing is due and can plan an investment strategy ahead of time 3. Leverage the network to raise investment when needed 4. Explore sources for refinancing, including leveraging any increases in market value of its portfolio to borrow mortgages and repay investors 	5	2	10
Loss of mission	3	3	9	<ol style="list-style-type: none"> 1. Ensure major decisions refer to original principles 2. Ensure board members understand principles, with strong recruitment process and regular strategy days. 3. Embed and operationalise mission in policies 4. Member co-ops on the Board prescribed in rules to safeguard mission 5. Encourage a balance of housed and unhoused member co-ops in governance of the COS. 	3	2	6
Failure of a member co-op can mean financial losses for COS during void and selecting a new co-op; potential reputational damage.	3	3	9	<ol style="list-style-type: none"> 1. Provide training and support on financial management, governance and social dynamics to lower risk of failure 2. Provide template conflict resolution policy for groups 3. Monitor the health of member co-ops 4. Create waiting lists for properties where risks are identified for quick change of member co-op to mitigate financial loss. 5. Establish COS with effective co-ops initially. 	3	2	6
Misalignment between COS and member co-ops. Operational inefficiencies; Potential conflicts over property management; Reduced attractiveness of the model to potential residents.	3	4	12	<ol style="list-style-type: none"> 1. Develop clear governance structures and decision-making processes; 2. Provide clear road map to member co-ops for expectations and training; 3. Establish clear communication channels between COS and member co-ops. 4. Consider implementing a dispute resolution mechanism. 	3	2	6

Investment in The Collective Ownership Society (COS) is not covered by the PRA's Financial Services Compensation Scheme (FSCS) protection. If you are in doubt about investing, you should consult an Independent Financial Adviser with specialist knowledge of social investments.

Other Indicative Properties

Working with Member Co-ops, Collective Ownership has identified a series of suitable properties of various typologies to cater for different housing needs. Some examples are below:

Converted Villa



This converted Edwardian property with 4 self-contained 2- and 3-bed flats and shared garden in South London, was identified by Moss Housing Co-op. Our appraisals suggested there was a financially viable scheme. Although we did not have funding in place to proceed with an acceptable offer at the time. The co-op are searching for similar properties.

Paula's House



This semi-detached house in Birmingham is home to a group who believe in living co-operatively without private landlords and are involved in wider social change work in various ways. The house has four bedrooms, a loft conversion, and a garden of at least 50m length, and is a financially strong scheme as a result of relationships of members.

Community Mews



Elevation are a group of families with children. They have been looking at new build projects and have identified this backland mews project of 5 large houses in Enfield, which is starting on site soon. The developer is interested in a bulk sale at practical completion.

Extended bungalow




This property in South London had been converted from a single storey 5 bed bungalow to a build a new 5 bed flat above and a 1 bed studio in the slope. We were not able to move quickly on this opportunity. Even though it was financially attractive.

North London flats



This property in North London has 4 self-contained flats, a mix of 2 bed and 3-bedroom flats and a large, shared garden. We were told it could be sold vacant. There would be 7 people living in the project, including flats for couples, families and sharers.



“I want to find a way to live here, to be part of a housing justice movement and not just ‘get by’ year after year”

“I would like the opportunity to contribute positively and also feel secure, and pursue the things I desire and a life that I am happy with”

Please don't hesitate to contact us, if you have any specific questions:

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