Making the Most of your Assets at a Time of Change

By

Steve Grocock, Director of Property Services

National Housing Federation
Asset Management and Maintenance
Conference and Exhibition
University of Warwick, Coventry
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Transforming Homes, Lives and Neighbourhoods

Introduction to Trent & Dove Housing Ltd

Transferred from ESBC in 2001

Operate in the East Staffordshire and South Derbyshire areas

5,600 properties

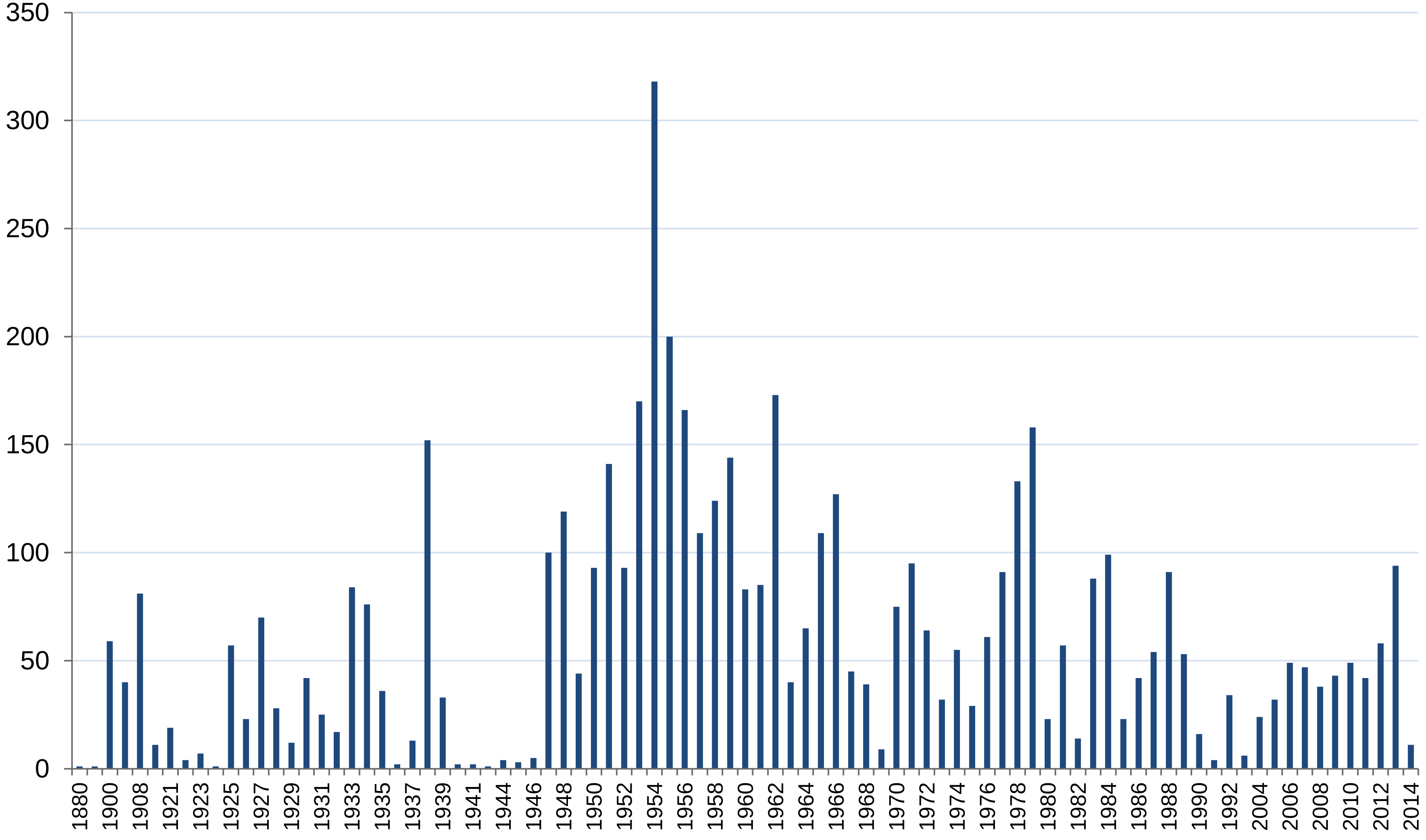
Lost 750 through RTB

Now have 5,700

Introduction to Trent & Dove Housing Ltd

House Type	No.	%
BUNGALOW	672	12%
HOUSE	2,488	46%
FLAT/APARTMENT	2,000	37%
STUDIO/MAISONETTE	260	5%
Grand Total	**5,420**	**100%**

Trent & Dove Property Portfolio: 1880 - 2014



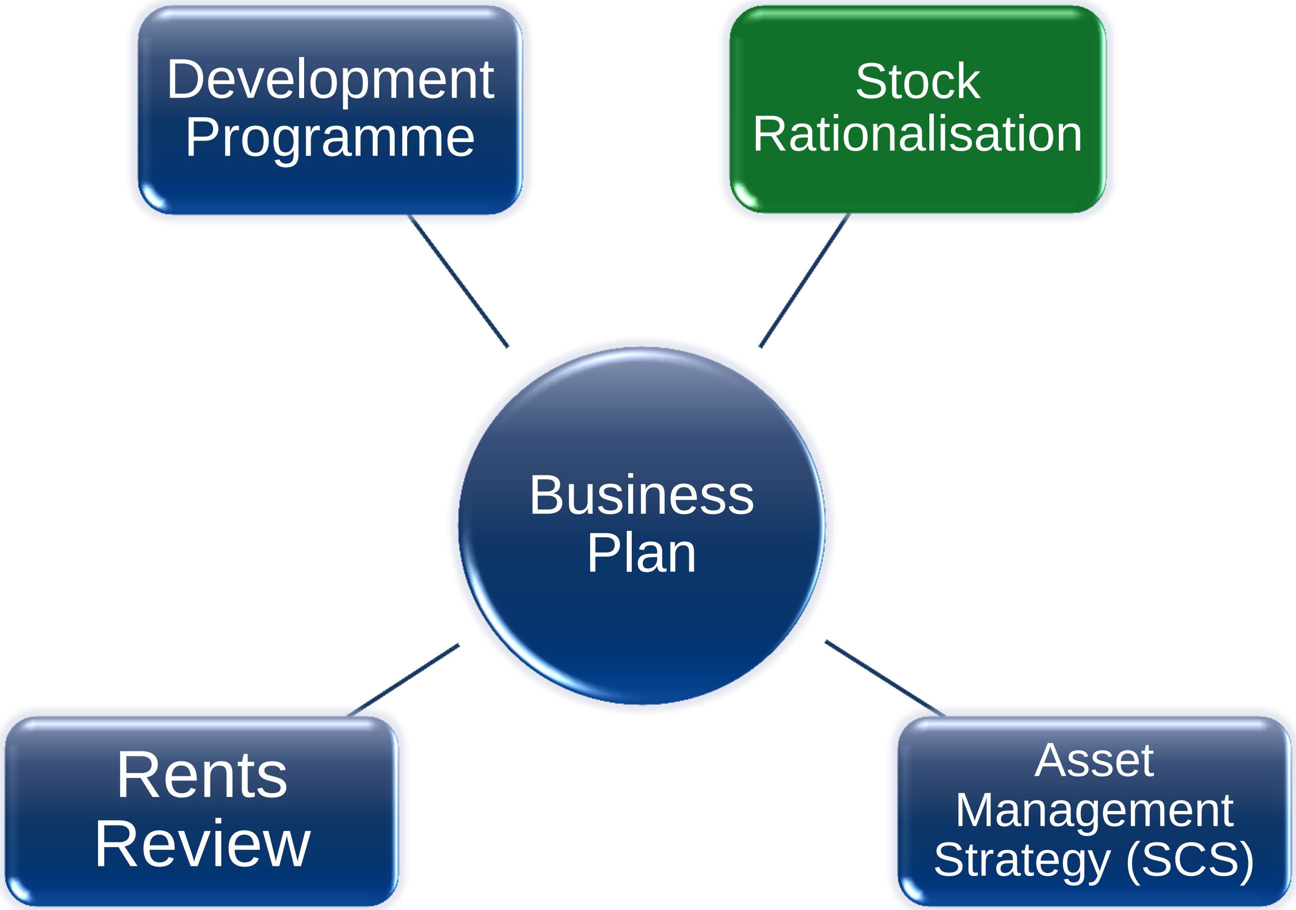
Active Asset Management

- Part of the HCA Value for Money Strategy
- Measure the long-term performance of our property portfolio
- Helps plan for replacement or modernisation of properties
- Provides an objective baseline on which to make investment decisions
- Generates option appraisal for worst performing stock
- This is a part of Trent & Dove's business planning process

Do all Properties Make Money?

- Is Trent & Dove proud of all its Housing?
- Could Trent & Dove do more for its tenants?
- Trent & Dove's commitment to building new homes and to demonstrate the linkages with effective asset management to maximise organisational capacity for development

The Components of an Active Approach – This isn't new to Trent & Dove



An Integrated Approach for Asset Management

(1) Financial Analysis of all 5,700 stock

Identify all loss making properties

Identify housing demand (worst) properties

Identify and flag all high value properties

(2) Minimum SAP
Rating of 55, Target now moved to min. 65 SAP (950 units)

Identify worst performing properties

Create a priority list/most vulnerable tenants

(3) Energy costs (heating, hot water & lighting only) of all 5,700 properties

Identify worst 500 energy inefficient properties

Asset Management Strategy

Asset Register

Development Strategy

Investment Plan/

Business Plan

Company Plan/Department Plan

List of priority schemes

(4) Terminations (voids by tenants passing away)

Map out all terminations (by deaths) over the past 5 years

Identify areas/properties/types

Identify high risk properties and set out plans to rectify

Calculate excess winter death mortality for TDH stock

Identify worse performing voids

(5) Planned visits

500 worse performing properties identified and listed in post code order

Appointments made for a qualified engineer to visit

Agreement secured with an external company

Individual report produced

Total tenant base energy cost/consumption and emission KPI's created

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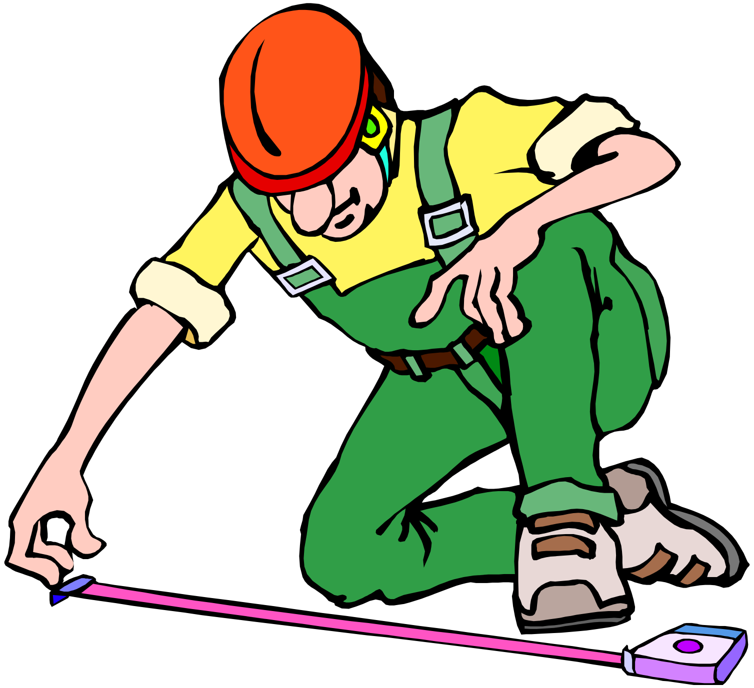
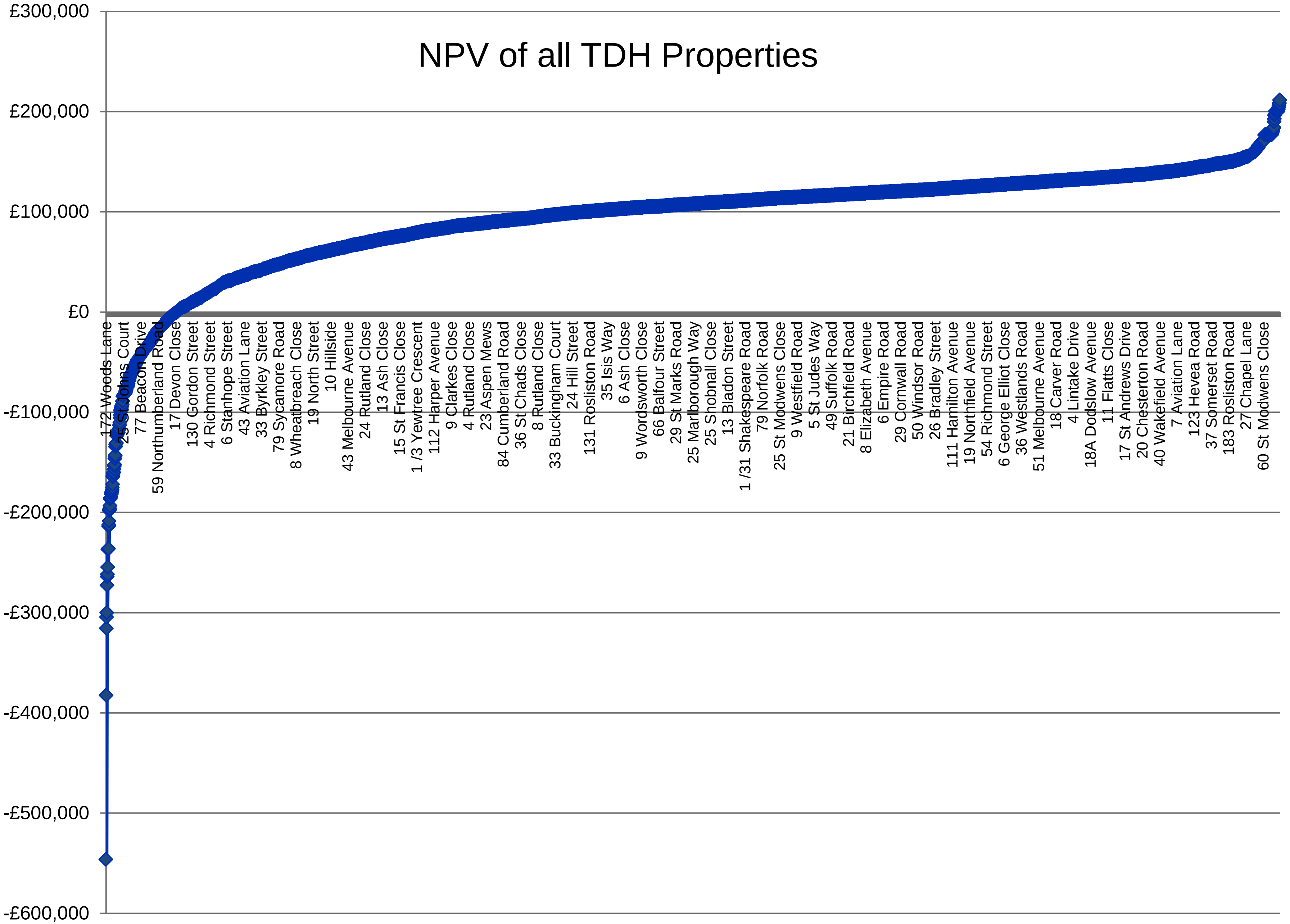


Components of Asset Modelling

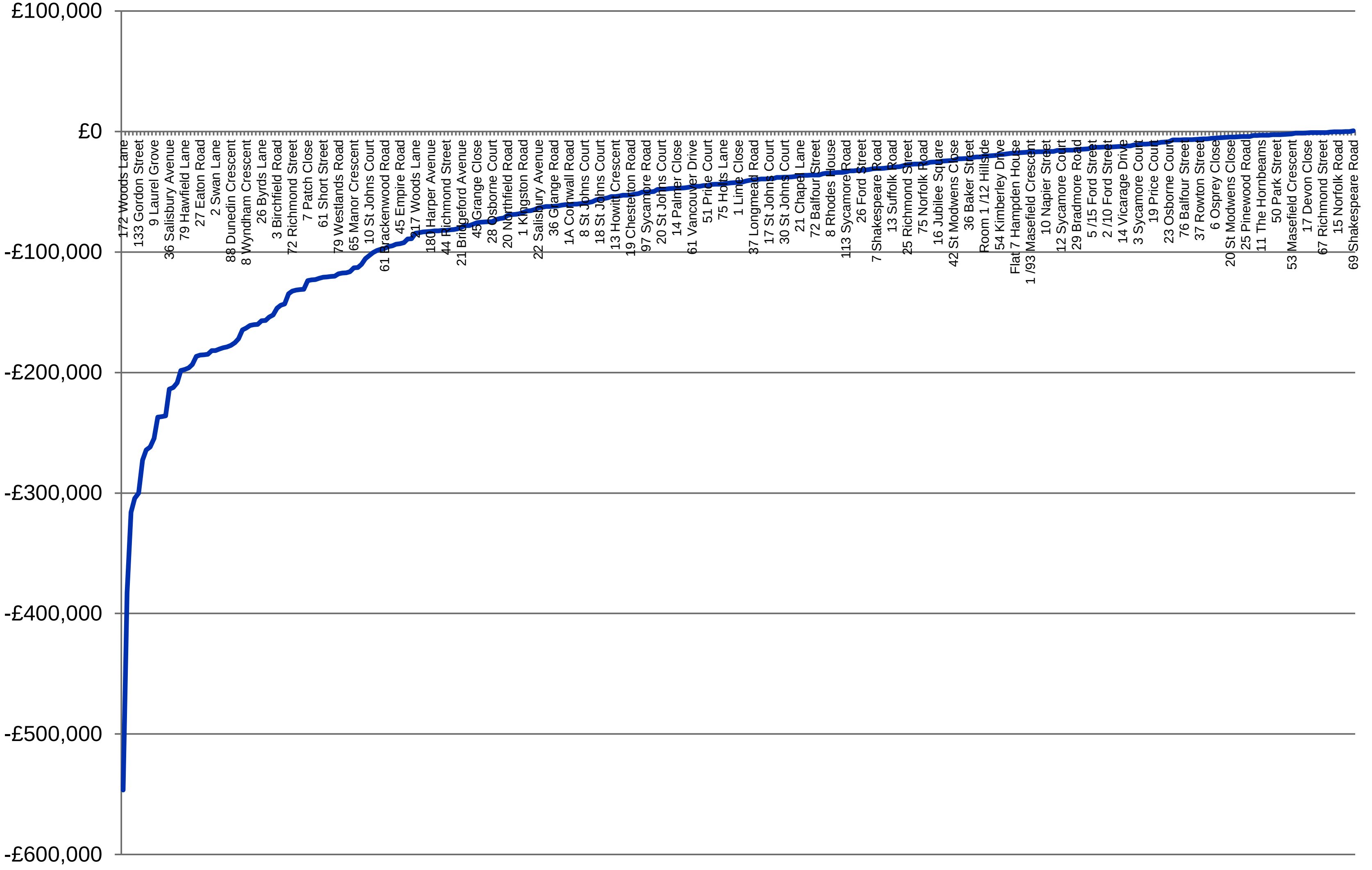
- Group similar properties together - asset groups
- Circa 75 asset groups
- Circa 75 properties in each asset group
- Assemble data - agree assumptions
- Generate cash-flows
- Review output database
- Prepare position statement
- Agree candidate list of poor performers
- Agree next steps – eg.
  - Run scenarios
  - Programme of Options Appraisal
  - Update Asset Management Strategy

The Asset Performance Evaluation Model

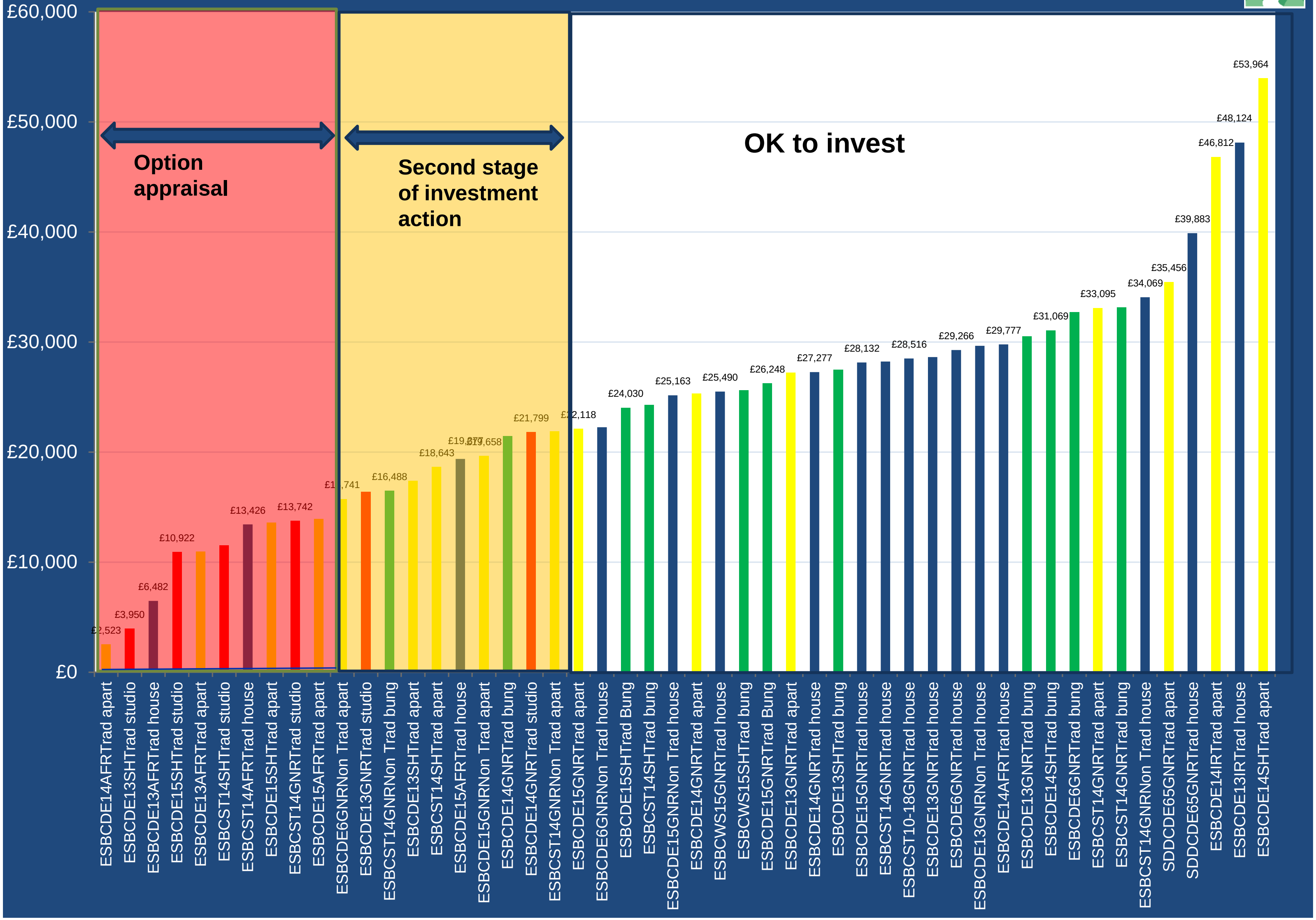
- Created and developed in MS Excel
- NPV calculated by analysing the following:
  - Property addresses,
  - Rents (+ how much of household rent is covered by HB by each property)
  - Void losses
  - Units identified with the greatest differential between social/affordable and market rents (50 already flagged on Orchard)
  - Repairs
  - Intended capital expenditure of each property over 30-years
  - Management apportionment
  - Loan secured/unsecure against each property


NPV of all TDH Properties
£300,000
£200,000
£100,000
£0
-£100,000
-£200,000
-£300,000
-£400,000
-£500,000
-£600,000
172 Woods Lane
25 St Johns Court
77 Beacon Drive
59 Northumberland Road
17 Devon Close
130 Gordon Street
4 Richmond Street
6 Stanhope Street
43 Aviation Lane
33 Byrkley Street
79 Sycamore Road
8 Wheatbreach Close
19 North Street
10 Hillside
43 Melbourne Avenue
24 Rutland Close
13 Ash Close
15 St Francis Close
1 /3 Yewtree Crescent
112 Harper Avenue
9 Clarkes Close
4 Rutland Close
23 Aspen Mews
84 Cumberland Road
36 St Chads Close
8 Rutland Close
33 Buckingham Court
24 Hill Street
131 Rosliston Road
35 Isis Way
6 Ash Close
9 Wordsworth Close
66 Balfour Street
29 St Marks Road
25 Marlborough Way
25 Shobnall Close
13 Bladon Street
1 /31 Shakespeare Road
79 Norfolk Road
25 St Modwens Close
9 Westfield Road
5 St Judes Way
49 Suffolk Road
21 Birchfield Road
8 Elizabeth Avenue
6 Empire Road
29 Cornwall Road
50 Windsor Road
26 Bradley Street
111 Hamilton Avenue
19 Northfield Avenue
54 Richmond Street
6 George Elliot Close
36 Westlands Road
51 Melbourne Avenue
18 Carver Road
4 Lintake Drive
18A Dodslow Avenue
11 Flatts Close
17 St Andrews Drive
20 Chesterton Road
40 Wakefield Avenue
7 Aviation Lane
123 Hevea Road
37 Somerset Road
183 Rosliston Road
27 Chapel Lane
60 St Modwens Close

Total



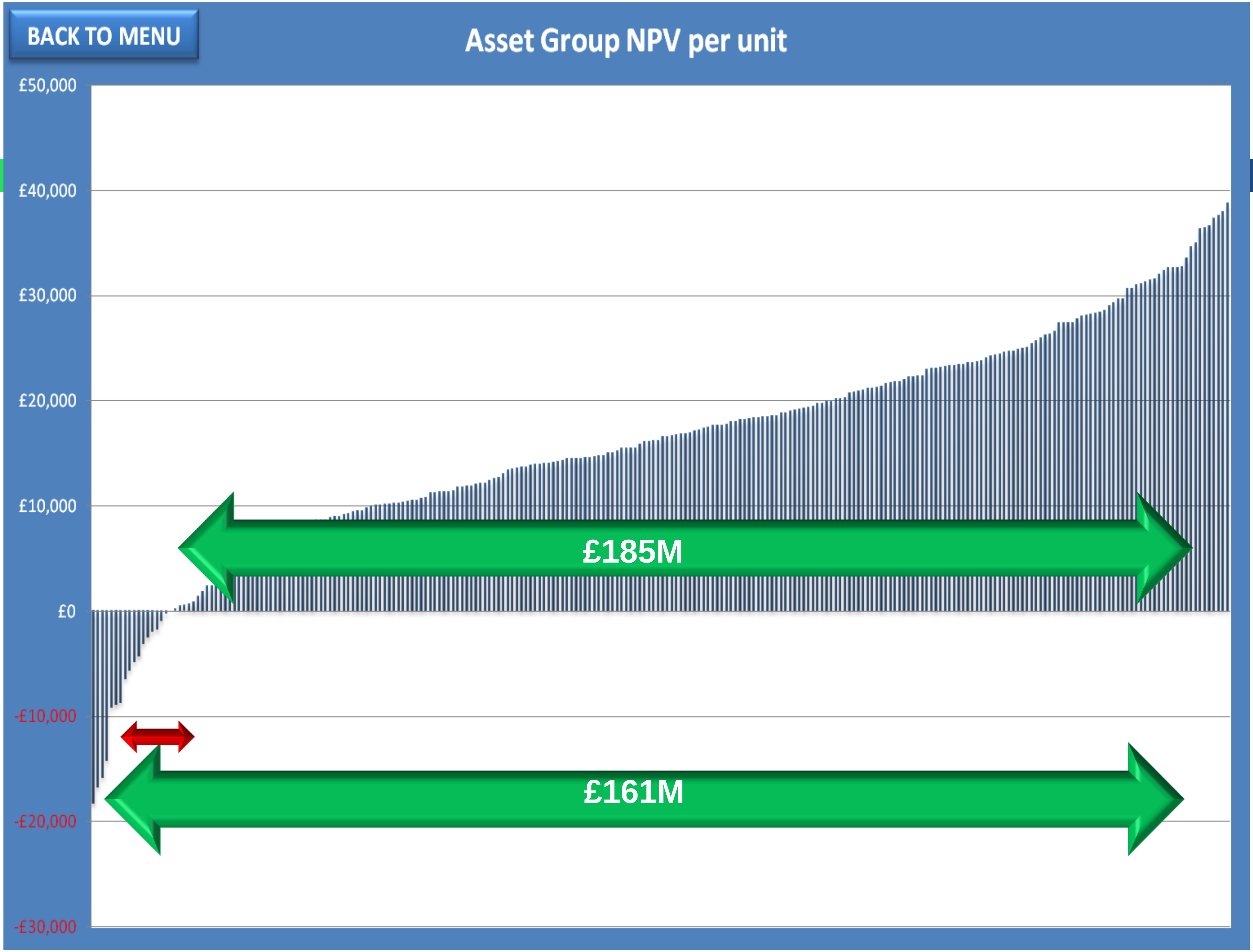
Trent & Dove Housing - NPV per unit



SUMMARY

	Street Name	Number of units	Locality	Locality Name 2	Postcode	Dwelling Type	Old Property Type Code	No Beds	Construction Year	Construction Type	DEMAND Demand Today	Demand in 3-Years Time	
1	Hillside	2	Tutbury	Staffs	DE13 9JG	Bed-sits	AFG1Y	1	1972	Traditional - Bedsits	ND	ND	
2	Radhusrt Rise	8	Barton	Staffs	DE13 ODZ	Bed-sits	AFG1Y	1	1972	Traditional - Bedsits	ND	ND	
3	Cotswold Road	13	Branston	Staffs	DE15 0BY	Bed-sits	AFG1Y	1	1966	Traditional - Bedsits	LD	LD	
4	Richmond Street	45	Burton Upon Trent	Staffs	DE14 2JW	Houses	AHE4	3 and 4	1908	Traditional	LD	LD	
5	Shakespeare Road	11	Burton Upon Trent	Staffs	DE14 2RS	Apartment	AF13Y	3	1954	Traditional	LD	ND	
6	Masefield Crescent	16	Burton Upon Trent	Staffs	DE14 2SQ	Apartments	AFG1X	3	1954	Traditional	LD	ND	
7	Harvey Place	44	Uttoxeter	Staffs	ST14 7AN	Flats and houses	AHI3	1	1965	Traditional	MD	LD	
8	Grange Road	11	Uttoxeter	Staffs	ST14 7DL	Bedsits and apartments	AHS3	3	1947	Traditional	LD	ND	
9	Redfern Road	7	Uttoxeter	Staffs	ST14 7DJ	Bedsits	AHE3	3	1947	Traditional	LD	ND	
10	Hawfield lane /Maisonette	6	Burton Upon Trent	Staffs	DE15 0BY	Maisonette	AFG1Y	1	1953	Traditional	LD	ND	
11	Rhodes House	12	Burton Upon Trent	Staffs	DE15 0DA	FLAT/APARTMENT	AFG1Y	1	1953	Traditional	LD	LD	
12	Clive House	12	Burton Upon Trent	Staffs	DE15 0BZ	FLAT/APARTMENT	AFG1Y	1	1953	Traditional	LD	LD	
13	Sycamore Road	19	Stapenhill	Staffs	DE15 0BY	Bed-sits	AFG1Y	1	1959	Traditional - Bedsits	MD	MD	
14	Clarkes Close	9	Uttoxeter	Staffs	ST14 7BZ	Bed-sits	AFG1Y	1	1965	Traditional - Bedsits	LD	LD	
15	Park Street	24	Uttoxeter	Staffs	ST14 7AQ	Bed-sits	AFG1Y	1	1964	Traditional - Bedsits	LD	LD	
16	Main Street	8	Stretton	Staffs	DE13 8JS	Bed-sits	AFG1Y	1	1970	Traditional - Bedsits	LD	LD	
17	The Green	4	Stretton	Staffs	DE13 OEQ	Bed-sits	AFG1Y	1	1970	Traditional - Bedsits	LD	ND	
18	Almond Court	7	Stretton	Staffs	DE15 0BY	Bed-sits	AFG1Y	1	1974	Traditional - Bedsits	LD	LD	
19	Stone Road	20	Uttoxeter	Staffs	ST14 7QW	Bed-sits	AFG1Y	1	1973	Traditional - Bedsits	LD	LD	
20	Jubilee Court	19	Uttoxeter	Staffs	ST14 QQ	Bed-sits	AFG1Y	1	1977	Traditional - Bedsits	LD	LD	
21	Ash Close	23	Uttoxeter	Staffs	ST14 74R	Bed-sits	AFG1Y	1	1970	Traditional - Bedsits	LD	ND	

TOTAL 320


BACK TO MENU
Asset Group NPV per unit
£50,000
£40,000
£30,000
£20,000
£10,000
£0
-£10,000
-£20,000
-£30,000
£185M
£161M

An Integrated Approach for Asset Management

(2) Minimum SAP
Rating of 55, Target now moved to min. 65 SAP (550 units)

Identify worst performing properties

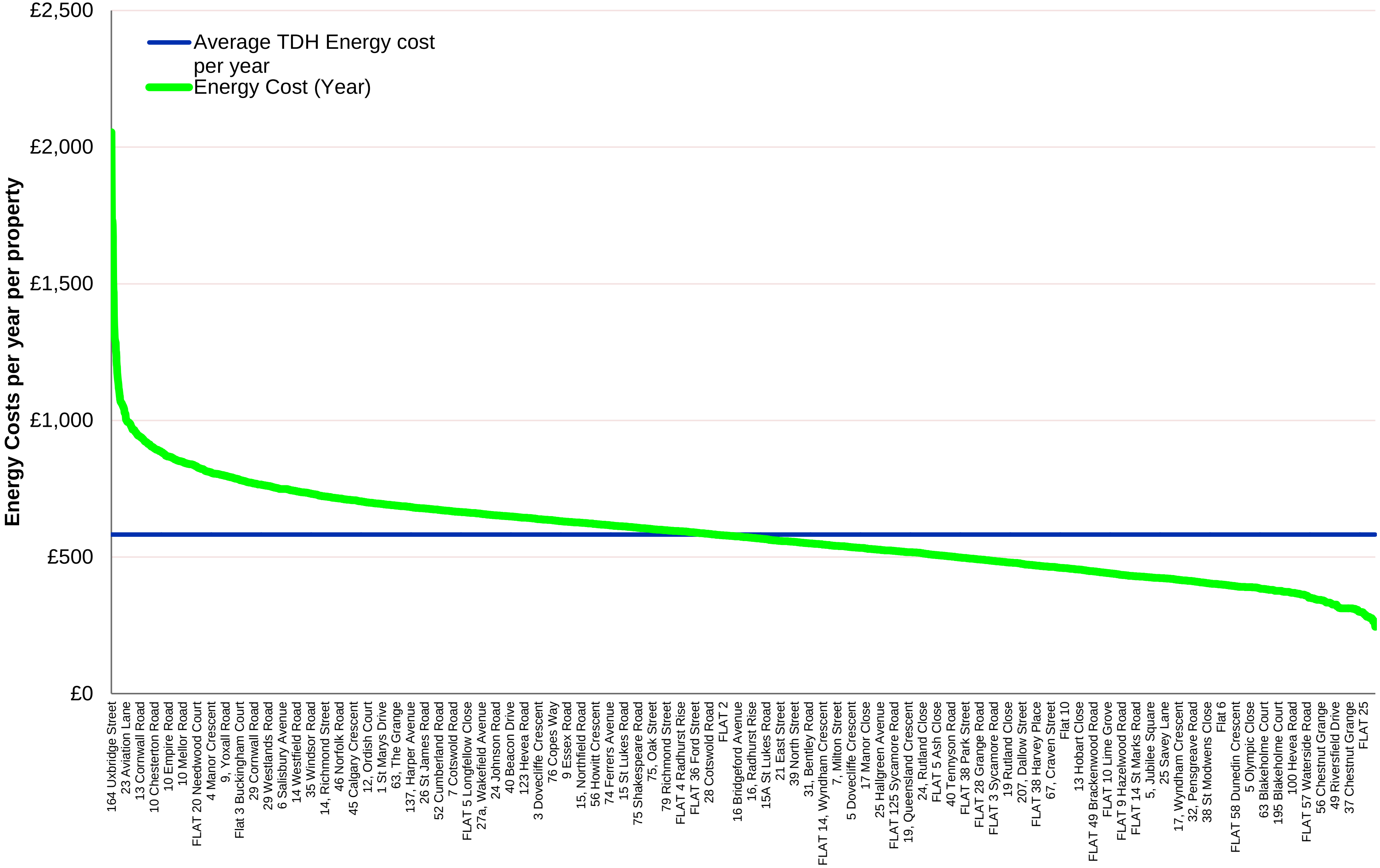
Create a priority list/most vulnerable tenants

An Integrated Approach for Asset Management

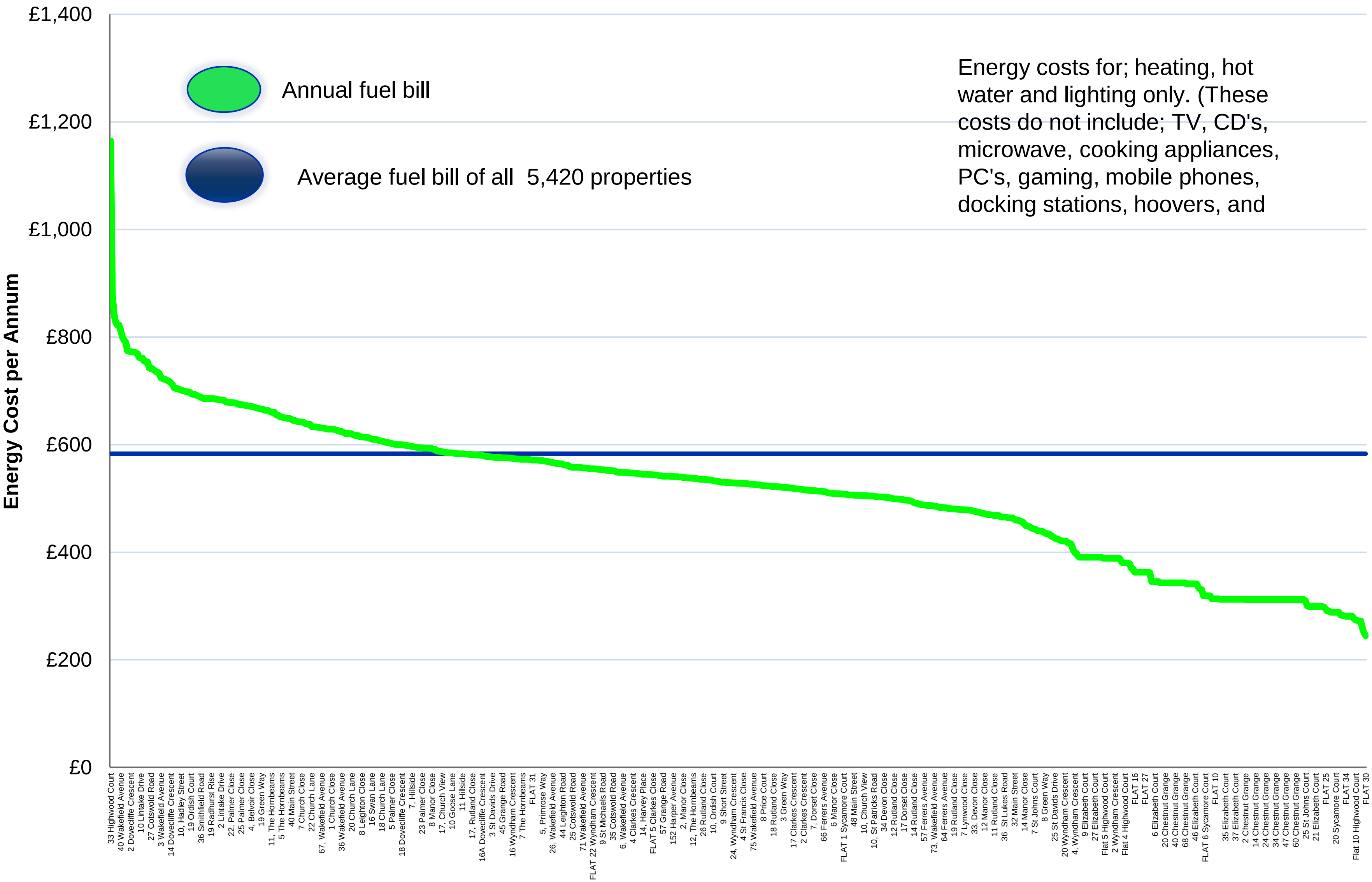
(3) Energy costs (heating, hot water & lighting only) of all 5,700 properties

Identify worst 500 energy inefficient properties

TDH's 5,000 General Needs Properties Showing the Range of Annual Energy Costs Compared with the Average Energy Cost of £582 per year



Energy Costs Over the Past 12 Months for all TDH's 751 Homes for Older People (1/7/2014)



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(4) Terminations (voids by tenants passing away)

Map out all terminations (by deaths) over the past 5 years

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Calculate excess winter death mortality for TDH stock

Identify worse performing voids

Excess Winter Deaths

Definition:

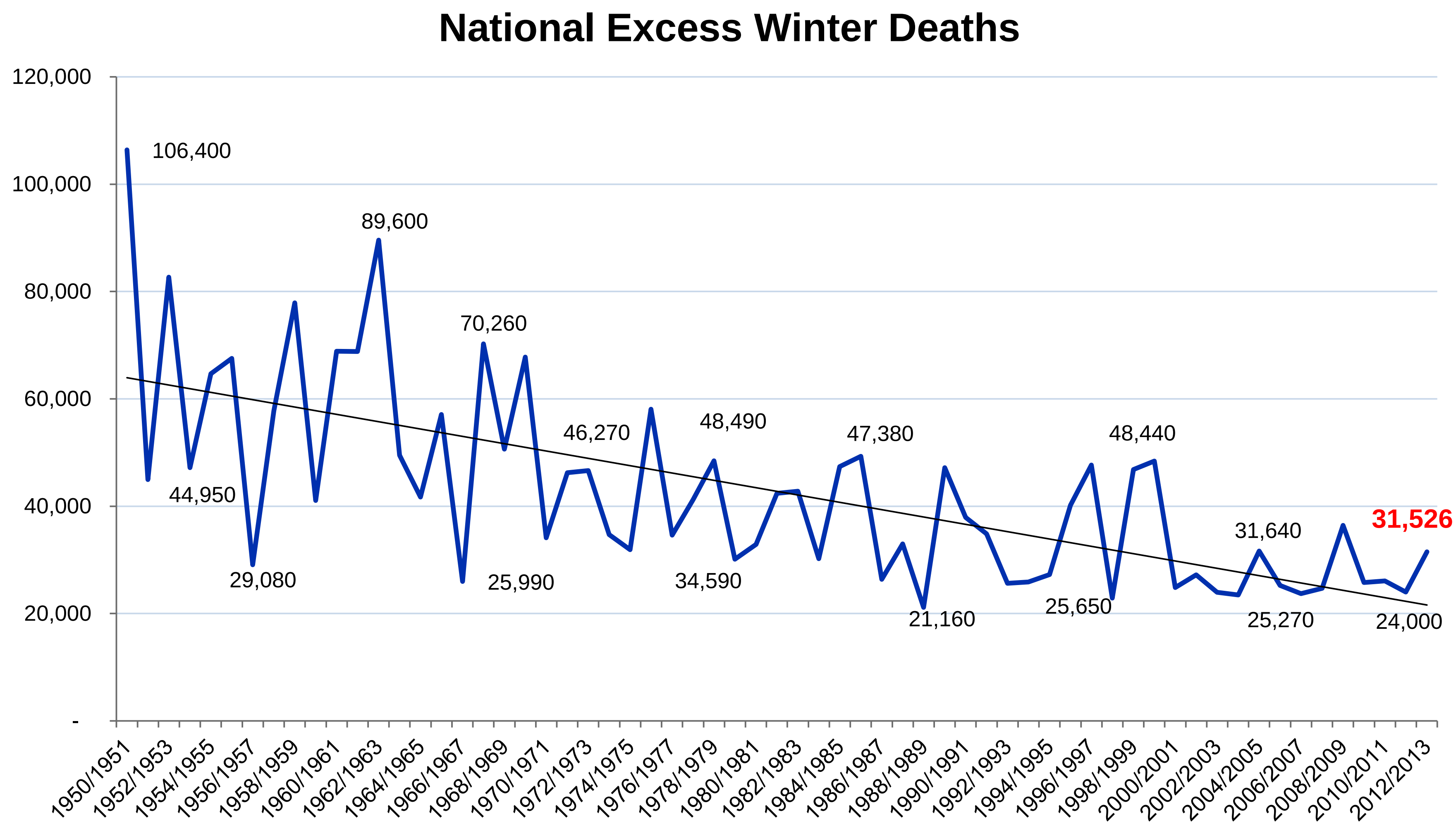
The Office of National Statistics (ONS) method defines the *winter* period as **December to March**, and compares the number of deaths that occurred in this winter period with the average number of deaths occurring in the preceding August to November and the following April to July.

Therefore, Excess Winter Death (EWD) = winter deaths – average of non-winter deaths.

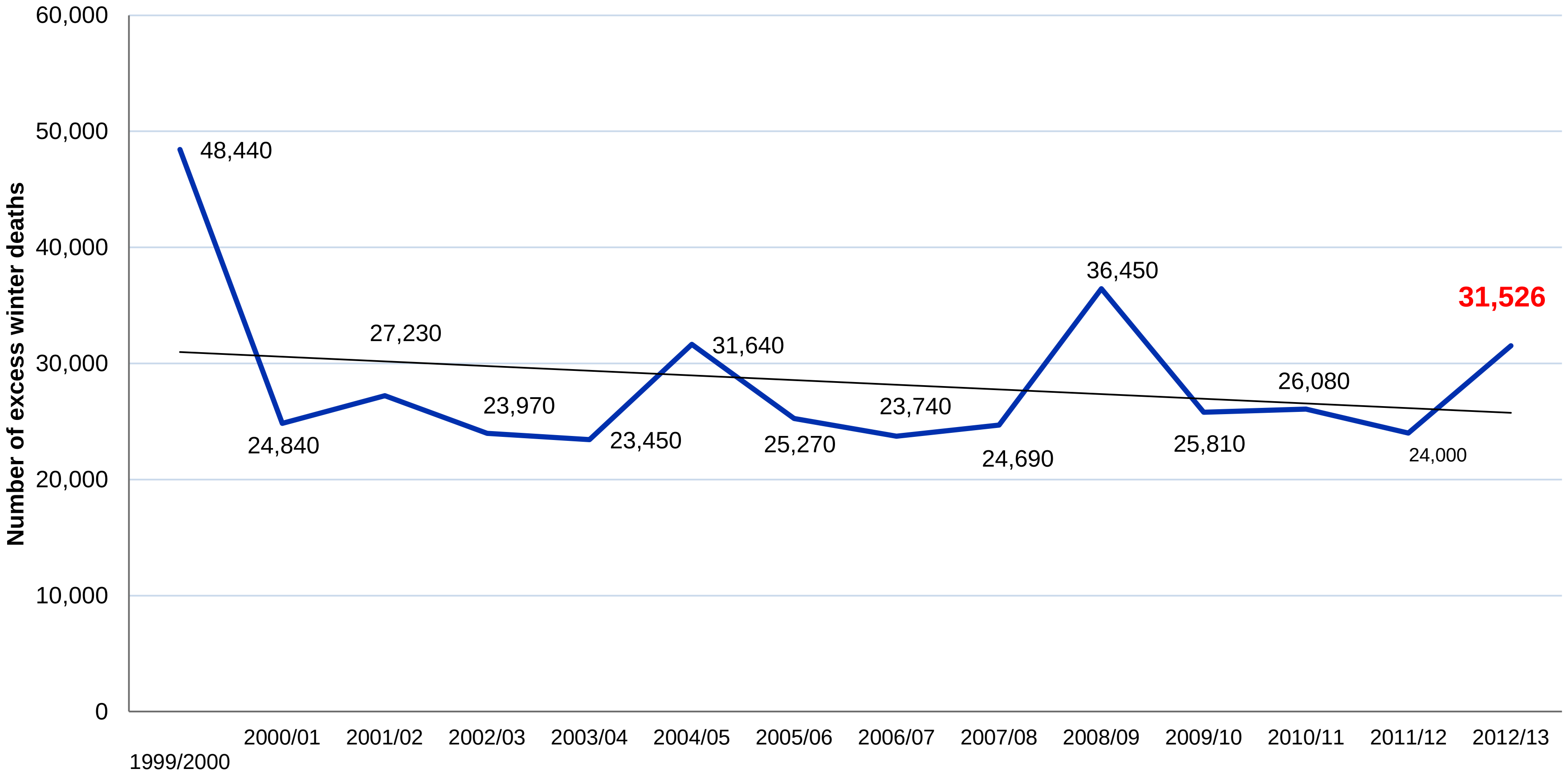
This produces the number of excess winter deaths.

TDH EWD (For voids) are:

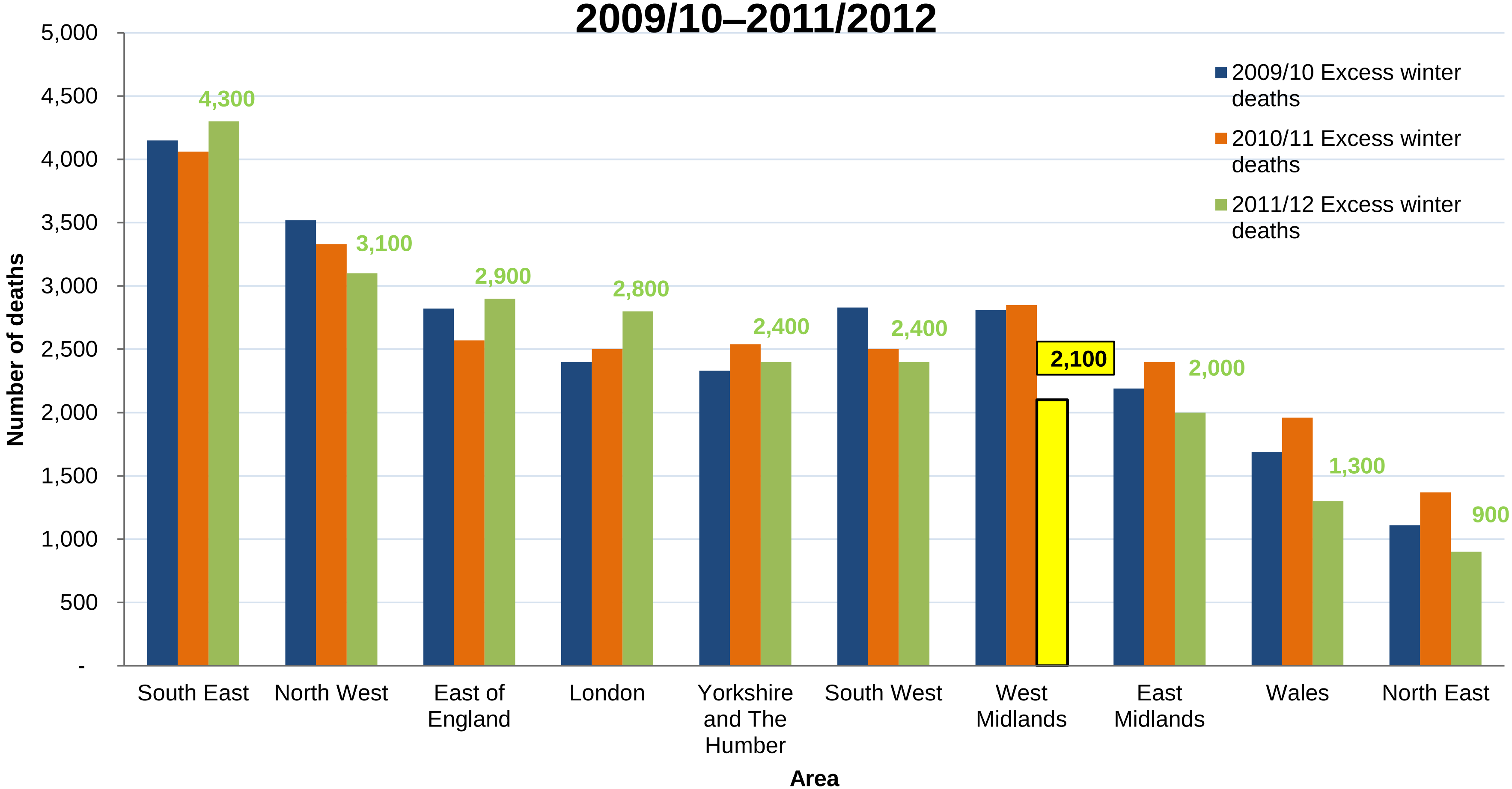
2010/2011 = 2no.
2011/2012 = -10no.
2012/2013 = 4no.
2013/2014 =


National Excess Winter Deaths
120,000
100,000
80,000
60,000
40,000
20,000
-
106,400
89,600
70,260
46,270
48,490
47,380
48,440
44,950
29,080
25,990
34,590
21,160
25,650
31,640
31,526
25,270
24,000
1950/1951
1952/1953
1954/1955
1956/1957
1958/1959
1960/1961
1962/1963
1964/1965
1966/1967
1968/1969
1970/1971
1972/1973
1974/1975
1976/1977
1978/1979
1980/1981
1982/1983
1984/1985
1986/1987
1988/1989
1990/1991
1992/1993
1994/1995
1996/1997
1998/1999
2000/2001
2002/2003
2004/2005
2006/2007
2008/2009
2010/2011
2012/2013

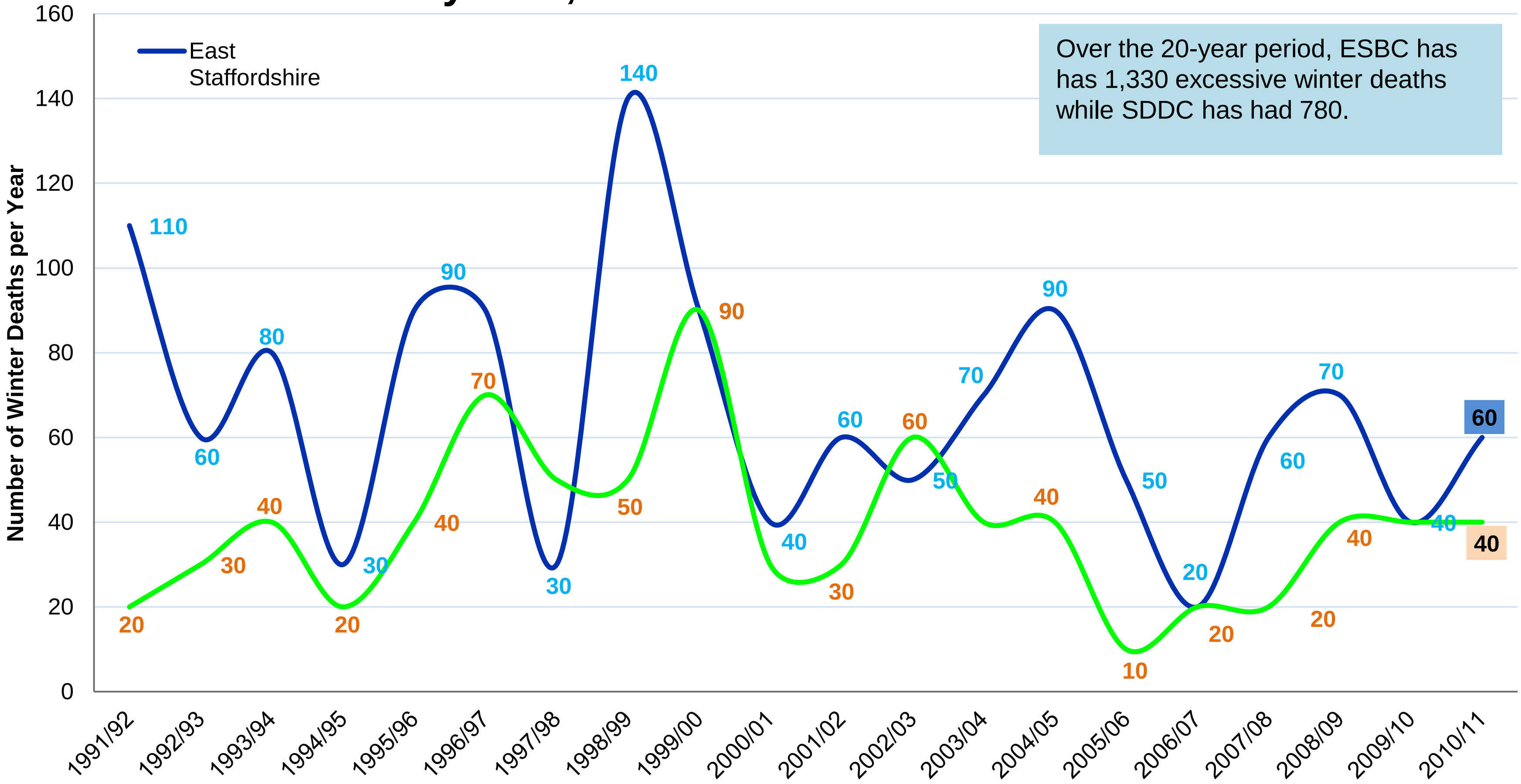
Excess Winter Deaths in England and Wales, 1999/2000 – 2011/2012



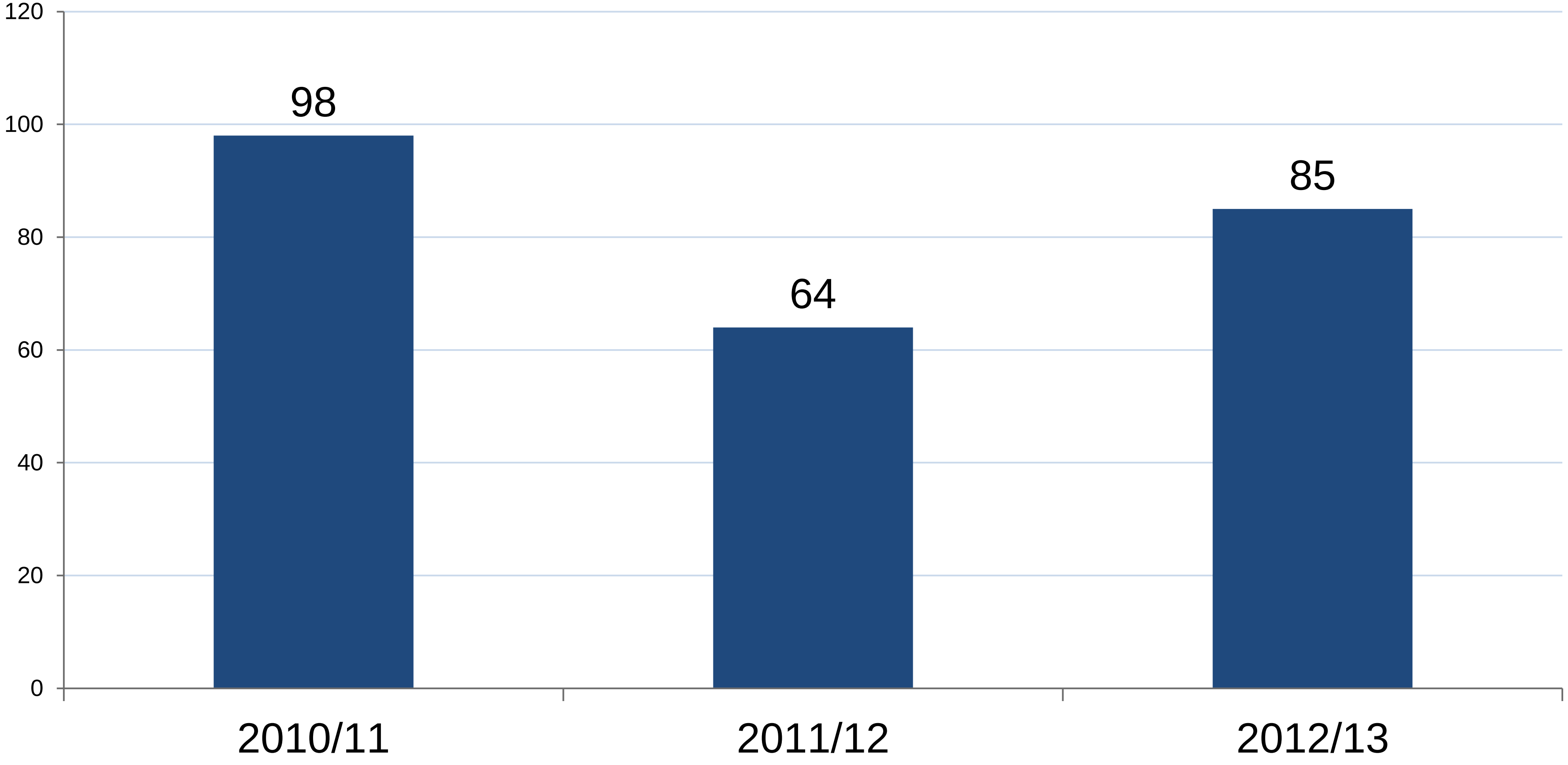
Excess winter mortality for regions of England, and Wales, 2009/10–2011/2012

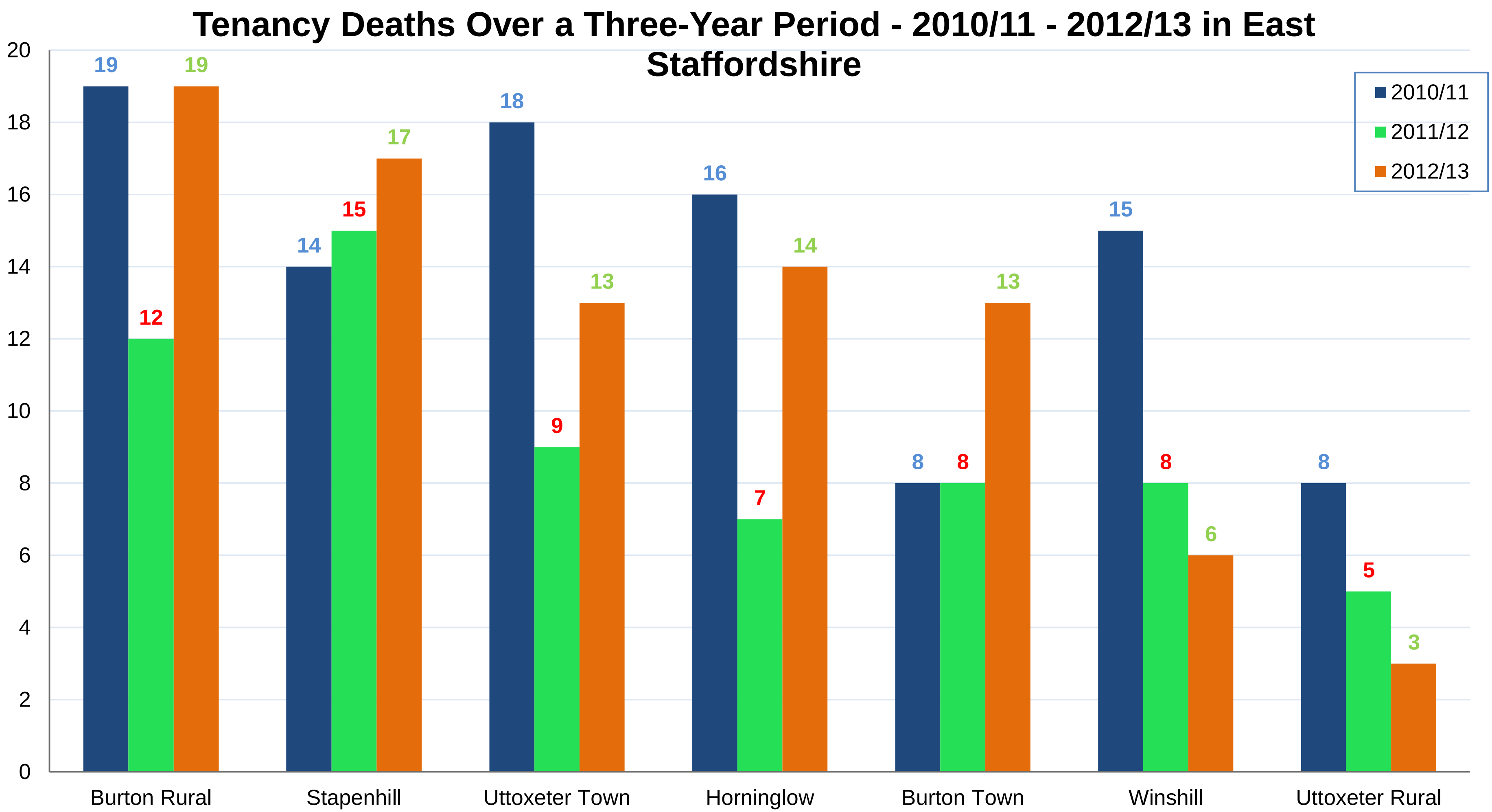


Excess Winter Deaths for East Staffordshire and South Derbyshire, 1991/92 to 2010/11

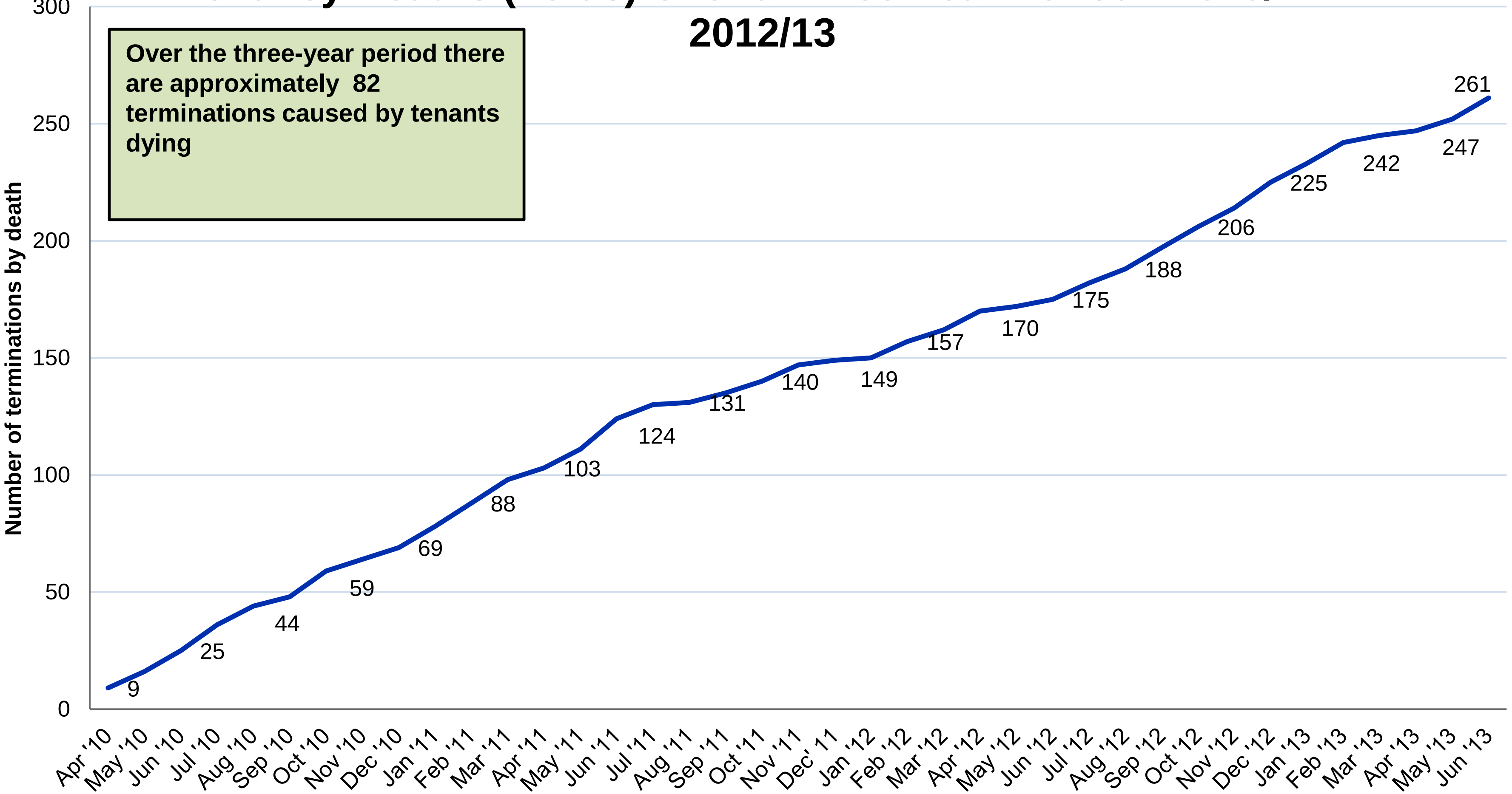


Trent & Dove Tenancy Deaths (Voids) Over a Three-Year Period - 2010/11 - 2012/13

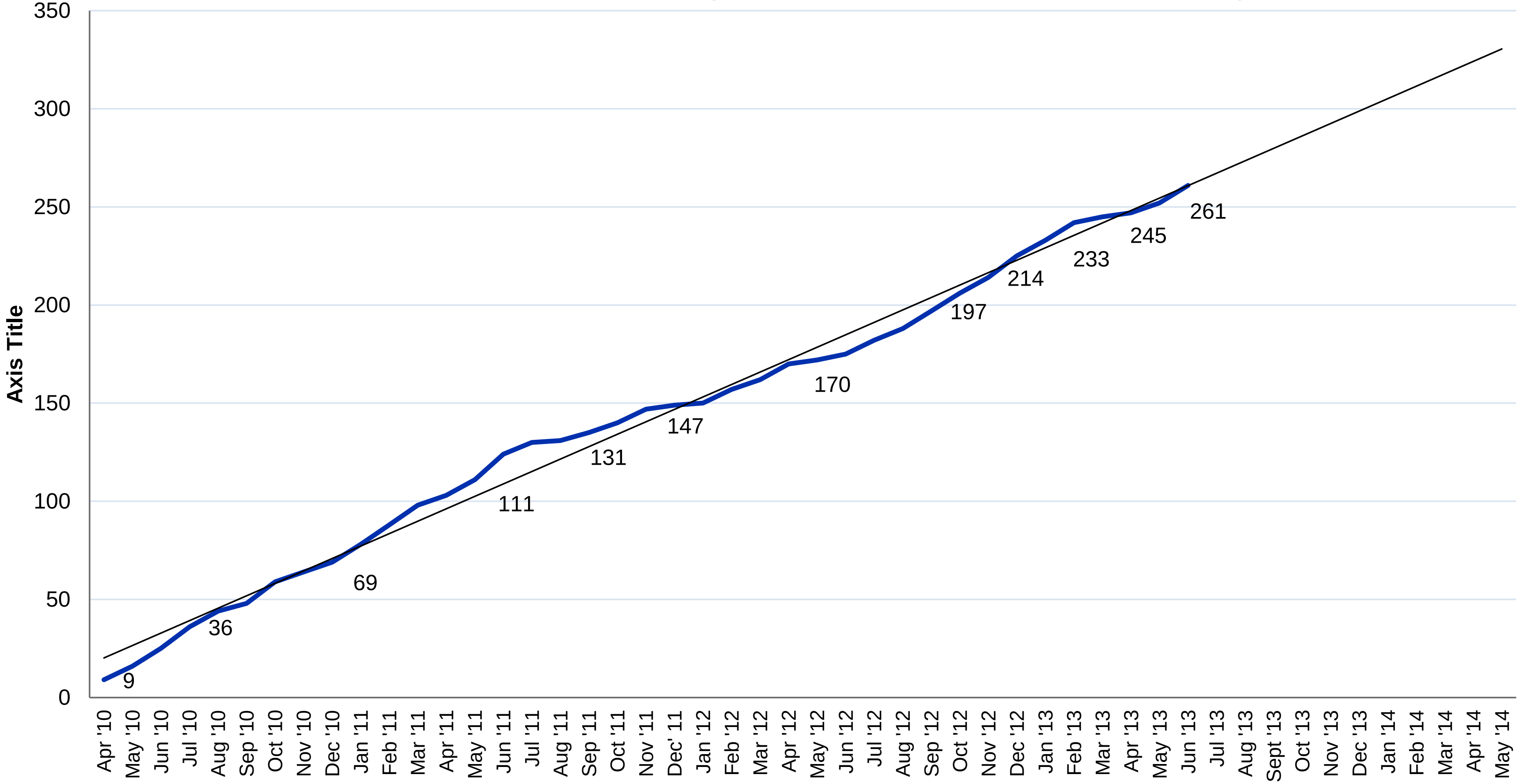



Tenancy Deaths Over a Three-Year Period - 2010/11 - 2012/13 in East Staffordshire
2010/11
2011/12
2012/13
0
2
4
6
8
10
12
14
16
18
20
19
12
19
14
15
17
18
9
13
16
7
14
8
8
13
15
8
6
8
5
3
Burton Rural
Stapenhill
Uttoxeter Town
Horninglow
Burton Town
Winshill
Uttoxeter Rural

Tenancy Deaths (Voids) Over a Three-Year Period - 2010/11 - 2012/13



Future Projections of Voids Being Generated by Tenants Passing Away



An Integrated Approach for Asset Management (1 of 2)

List of objectives obtained through site visit:

1. Tenants details/occupancy suitability
2. Meter types (gas/electric/water)
3. Supplier and tariffs
4. Property type/build
5. Heating system
6. Heating controls
7. Benefit health check
8. Change of tariff advice
9. Comparison of estimated bills to actual bills over a 12 month period
10. Switched supplier
11. Direct debit
12. Methods of payment advice

(5) Planned visits

500 worse performing properties identified and listed in post code order

Appointments made for a qualified engineer to visit

Agreement secured with an external company

Individual report produced

Total tenant base energy cost/consumption and emission KPI's created

An Integrated Approach for Asset Management (2 of 2)

List of objectives obtained through site visit cont'd:

1. Debt resolution advice
2. Amount of debt cleared
3. Third party referrals
4. Heating control advice
5. Any other behavioural changes advice
6. Takes a note of any faults and reports these back to TDH
7. Total estimated savings calculated
8. A customer service questionnaire
9. Any other pertinent information collected
10. TDH receives a written report for each property

(5) Planned visits

500 worse performing properties identified and listed in post code order

Appointments made for a qualified engineer to visit

Agreement secured with an external company

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Total tenant base energy cost/consumption and emission KPI's created

An Integrated Approach for Asset Management

Asset Management Strategy

<u>Asset Register</u>

Development Strategy

Investment Plan/

Business Plan

Company Plan/Department Plan

List of priority schemes

How will Trent & Dove Prioritise?

Asset Matrix			
NPV	**Issues**	**Traffic Light**	**Action**
Positive or break-even NPV	High value	High demand	Keep/dispose
		Low demand	Dispose
	Low value	High demand	Keep
Negative NPV	High turnover	High demand	Consider options
		Low demand	Dispose
	Isolated location	High demand	Consider options
		Low demand	Dispose
	SAP rating < ??	High demand	Invest to improve SAP
		Low demand	Dispose
	Cost of running tenancy (to tenant)	High demand	Consider options
		Low demand	Dispose
	Low satisfaction level	TBC	TBC
	Anti-social behaviour	TBC	TBC
	Other Issues	TBC	TBC

Outcomes

Timescales:

- The initial results from the latest data input will be available late July 2014

- The initial results will then be reviewed and refined and non – financial factors will be applied

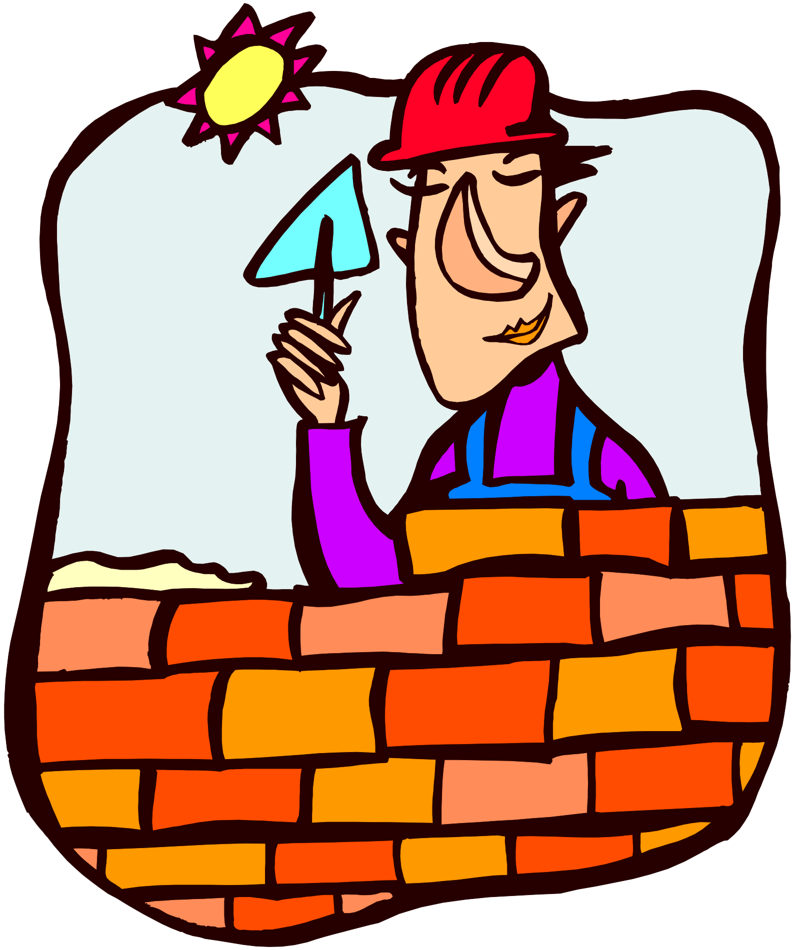
- The final list and option appraisals will be available at the end of September 2014

Conclusion

1. TDH will establish an asset register to aid future investment planning/disposal strategies etc.
2. Summarise the value of the asset (EUV/NVP)
3. To provide information on the range of values across the stock
4. To inform the Board of where to unlock value through disposals to subsidise future growth
5. Summarise the demand profile of the stock (present/future)

1. To identify low demand/high investment/low or negative NPV stock describing work planned to maintain and improve demand
2. Consider change of tenure (AR/ORS/PR)
3. Consider management costs/efficiencies (within 5 miles of a TDH office or in strategically important locations.
4. Gather benchmarking data
5. Project forward potential outcomes and measure against these targets to ensure efficiencies are generated.

Thank You!



Any Questions?