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## The housing crisis: ‘Grandlords’ to the rescue

*Whoever you vote for on May 7<sup>th</sup>, it’s responsible ‘Grandlords’ offering real housing hope for younger generations*

Andrew Mahon, Director, The Eqfund Group.

“We have a housing crisis in the UK and, for over 40 years, consecutive governments’ have done little to address it. We are currently in the middle of one of the most closely fought election campaigns in recent political history but whoever makes it to Number 10, help could be at hand from a group of people often vilified for exacerbating the housing shortage – the over 55’s.

We have long known that the UK needs an estimated 250,000 new homes built every year (source: Shelter) to meet demand yet, according to the government’s own figures we built just 140,000 new homes between 2013-2014. Disenfranchised with the lack of government action but keen to see a fairer future for younger generations, a growing number of so called ‘Grandlords’ are realising that they can take the issue of affordable housing into their own hands.

With pension freedom now upon us, an influx of retirees are turning to the property market to get a better return on their savings while at the same time helping younger generations by providing affordable homes to those currently locked out of home ownership.

More ‘Grandlords’ entering the market could have an extremely positive impact on the quality and availability of affordable private rental properties as these buyers have no intention of squandering their pension funds on poor quality properties. However, while buy-to-let can offer the security of savings, it requires significantly more effort and there is widespread concern that retirees could be risking their hard-earned pension money investing in the wrong properties.

Bringing back into use empty properties is not only quick and cost effective; it also helps keep the historical character of neighbourhoods intact. On top of this, empty properties can drive down neighbouring property prices and blight once vibrant communities by becoming honeypots for anti-social behaviour while simultaneously reducing council tax receipts for local government.

All political parties are in agreement that there is a housing crisis. Yet despite there being 1,368,312 people on Local Authority Housing Waiting Lists in England (Source UK Government) and there being 610,000 derelict properties lying neglected and unused (Source: Empty Homes Agency) in England alone, there is not a single mention in any one of the three major parties manifestos of bringing these empty properties back into use.

As a solution, The Eqfund Group has recently launched The Real Estate Annuity Plan (Reap), which offers the benefit of receiving a fixed income without the hassle of taking on the risk and responsibilities of being a landlord.

Reap is a property based financing arrangement where people who are wanting an income from their pension savings can lend their money to a social enterprise and affordable housing provider which renovates derelict properties to bring them back into habitable use. In return, lenders will receive a fixed income at a rate above all of the current traditional insurance or pension based annuity plans.

Reap provides a no-fee, hassle-free way for people to secure a fixed income offering a flat interest rate of 7% p.a. on the money they lend to the programme for an initial five year period. There is a low entry level of £15,000, which makes Reap an attractive alternative for individuals who are unable or unwilling to commit themselves to a buy-to-let mortgage in their retirement years.

It's not just 'Grandlords' that are helping combat Britain's housing crisis. Parental support has been playing an important role in helping young people on the property ladder for decades. As prices rise and deposits become harder to save the nation's wealthy parents are now pivotal to the fortunes of the housing market. Indeed, our recent Pension Tension report found that 1 in 10 over 55's said they were planning on using their pension pot funds to give money to children/grandchildren to help them get on the property ladder.

Whether it's parents or Grandlords to the rescue, the housing crisis will only be solved with long term solutions, not short-term incentives currently offered by our politicians."

For more information on Reap, please visit: <http://www.myreap.co.uk>

For all media enquiries, images and interview requests, please contact:

Katie Bawler & Carolina Are  
0203 1379 9270  
[reap@manifest.london](mailto:reap@manifest.london)

### **About Reap**

Reap is provided by **Equfund (IPS) Ltd** which has had over fifteen years specialising in acquiring long-term empty properties and renovating them to beyond the Decent Homes Standard; once refurbished, the homes are let at an affordable rent to people in housing need.