

## EDITORIAL

In his annual chairman's statement, Henry Thornton reported that Cognatum had successfully met its financial targets in an uncertain economic period and continued to look for improvements in service and cost savings.

He said: "We are an independent and non-profit making organisation, which sets us apart from most of our competitors. All savings are passed to residents and there are no hidden extra charges – a practice all too common in the retirement industry. We value the personal relationships between owners, directors and staff and have introduced owner-directors to the board, and have also set up an advisory panel of owners to comment and advise on best practice."

At their meeting in March, the Residents Advisory Panel discussed issues including the public profile of Cognatum and suggested more needed to be done. In particular they suggested that the newsletter should be used for short, specific articles on topics such as service charges, management fees, reserve funds and managers' duties.

We have taken note and this issue includes an article on reserve funds and another interesting critique by Professor Ball about his research into housing choice for older people in the UK.

Commander John Manners, who lives at Bearwater in Hungerford, is, at 96, the oldest member of the MCC. He had a distinguished cricket-playing career, making his first-class debut for Hampshire in 1937 against Gloucestershire, where he scored his maiden half century with a score of 81. This was interrupted by service in the Navy during the war. He retired from first-class cricket in 1948 but still enjoys going to test matches.



Royal wedding celebrations at Bluecoat Pond in April were joined by the Christ's Hospital School Band

## A HOUSE WITH A DOWRY

Surprisingly, not all leasehold estates make prudent provision for a reserve or sinking fund. This means that when major work is undertaken home-owners are asked for large, one-off contributions, which can make personal budgeting difficult.

From the start, we decided that a fairer method of paying for long-term maintenance work was by building up reserve funds from a moderate annual payment. All Cognatum estates have their own funds, with contributions collected through the service charge.

The creation and management of a reserve fund is a demanding exercise, requiring a blend of technical and financial judgement in order to balance the expected long-term costs against the necessary annual contributions. The first task is to establish what will need doing and to predict timescales and costs. From there it is relatively simple to extrapolate how much the annual contributions to the fund should be. Funds are reviewed annually, with a detailed analysis of projected expenditure over the next five years. A more general view

is taken of the next ten years, with the intention of having sufficient in reserve – but not too much.

Maintenance items range from resurfacing drives and replacing guttering and flat roofs to refurbishing lifts and paying for electrical inspections. The most regular, and expensive, cost is external painting and the repair of buildings, both of which are vital for the preservation of timber and the handsome appearance of the estates.

Although painting seems a straightforward exercise, a contract for twenty or more properties is actually quite complex, requiring choice of contractor, specification, health and safety regulations, owner consultation and supervision. For the last couple of years Cognatum has benefited from the expertise of a firm of professional building surveyors, The Draper Partnership.

Our responsibility is to maintain the estates to a high standard cost-effectively, to protect the enduring quality of life and to maintain the value of each property. When new owners move in they are fortunate to buy a house that comes with a small dowry in the form of the reserve fund.

## Owner-occupied retirement housing enriches older age

By Michael Ball, Professor of Urban and Property Economics at Henley Business School

There has been much coverage of the growing crisis in care for the elderly and that we may all soon have to pay a 'care levy' tax to fund it. Yet this issue is part of a much wider one related to improving accommodation in later life so that old age can be the positive experience it should be. Nature burdens us with increasing frailty as we age but also a greater propensity to enjoy life and a better ability to deal psychologically with adverse events. Appropriate support and accommodation are the keys to enriching old age.

Many older people are owner-occupiers and value continued homeownership, but many wish to downsize because their existing home is too difficult to live in or they feel isolated. Without suitable and affordable accommodation, significant problems arise.

Owner-occupied retirement housing is purchased on a leasehold basis and has high levels of consumer satisfaction. Recent research I have undertaken shows that it can help to reduce public expenditure, particularly health costs. It also provides wider benefits to society because it lowers travel and energy usage, frees up family housing for others, boosts neighbourhoods and enables grandparents to stay closer to their families.

However, past housing and planning policies have restricted the supply of owner-occupied retirement housing, so it does not meet present needs, let alone the growing demand associated with our rapidly ageing society. Build rates are low and should grow four times from that achieved before

the 2007-8 downturn to cope with even moderate increases in demand. The solution is simple: changes to public policy would allow private developers to increase supply without any contribution from the public purse. The primary reason for limited supply is 'strategic neglect' by policymakers, with restrictive housing and planning policies pushing up its price.

These difficulties could be addressed with supply-side inducements. First, more national strategic guidance on housing for the elderly is needed. The forthcoming National Planning Policy Framework offers such an avenue, but only if the Government seizes this opportunity by providing a set of ground rules to cut through local bureaucracy and encourage better understanding among local councils of the benefits of owner-occupied retirement housing.

Second, treat private retirement housing as a form of affordable housing. Developers are required to provide affordable housing contributions, which are often allocated for housing younger people to the neglect of older people. Treating private retirement housing as a form of affordable housing would reduce its price and increase availability.

The coalition is committed to improving the lives of the elderly. The significant benefits of private retirement accommodation make it an important component of a comprehensive strategy. Older people, communities and local housing markets will all suffer the consequences unless we tackle the shortage of specialised retirement accommodation soon.

## Les Blancs Bois in Guernsey



We are often asked about our development in the Channel Islands and how this fits into the Cognatum portfolio. With 44 apartments, Les Blancs Bois is the largest of our estates. It functions on the same lines as everywhere else, with back-up from our head office in Watlington. The only real difference is that it operates under Guernsey State laws and had to be set up as a separate company – a subsidiary of Cognatum. Also, given the strict residency qualifications in Guernsey, properties can only be bought by people with full resident status.

Set in a rural part of the island, a short drive from glorious beaches and the capital, St Peter Port, the development is popular and the apartments in great demand.

## **The Internet is a most important tool for selling retirement property**

The year started strongly with twice as many properties sold in the first quarter as in the same period last year, continuing the pre-Christmas trend. But many people who want to buy retirement homes are finding it difficult to sell their own properties.

Needless to say, well-presented properties sell better and faster than those in need of freshening up. This is particularly important in the retirement sector because most buyers want to move into somewhere sparkling and in need of very little refurbishment.

The Internet is now the most important tool for selling residential property with research showing that 87% of all property enquiries come from this source. It is fast and convenient, international and an ideal, easy start for property hunters. An increasing number of our new enquiries originate from our web-site or the Internet, so much of our marketing effort is now directed at improving the exposure of our properties on the Internet in order to increase the level of new enquiries.

Cognatum properties are listed on the property site Rightmove and we are planning to improve our website to achieve what computer buffs call 'search optimisation'.

Of course the Internet merely gives potential buyers the first introduction to a property: to achieve a sale the traditional importance of location remains pre-eminent, which is where Cognatum properties, in attractively landscaped sites, well positioned for all local needs, win out.



### **1 Ashcombe Court, Ilminster, Somerset**

Close to a bustling town centre, an elegant and spacious two-bedroom ground-floor apartment in a Regency-style town house.

**£365,000**



### **4 Badsworth Gardens, Newbury, Berkshire**

A well-presented, three-bedroom cottage with a conservatory, close to shops and surrounded by woodland.

**£379,000**



### **6 The Orchard, Fairford, Gloucestershire**

A Cotswold stone, three-bedroom cottage with conservatory, and swimming pavilion in the gardens.

**£365,000**



### **2 Earls Manor Court, Winterbourne Earls, Wiltshire**

Set around a garden courtyard, a light and well-planned, two-bedroom, ground-floor apartment, a few miles from Salisbury.

**£265,000**



### **5 Churchfield Court, Girton, Cambridgeshire**

A two-bedroom cottage with a conservatory and views over gardens and open countryside, close to Cambridge.

**£375,000**



### **17 Northfield Court, Aldeburgh, Suffolk**

A delightful, two-bedroom cottage within a short walk of the seafront in this popular coastal town.

**£320,000**



### **3 Wye House, Marlborough, Wiltshire**

A two-bedroom duplex apartment in an 18<sup>th</sup>-century, Grade II listed property a few hundred yards from the centre of the town.

**£395,000**



### **12 Old Town Farm, Great Missenden, Bucks**

A characterful, three-bedroom cottage with a conservatory, converted from a flint barn with shops and a station nearby.

**£499,950**



### **20 Seymour Place, Odiham, Hampshire**

A Georgian-style, two-bedroom cottage with a conservatory, in a garden square with a swimming pavilion, just off the High Street.

**£365,000**



### **21 Framers Court, Lane End, Buckinghamshire**

A spacious, two-bedroom maisonette with a balcony within walking distance of local shops.

**£399,950**