



**Report to Board of Directors
21 November 2013**

Title: Kibblesworth Shared Ownership Update

Report of: TGHC Head of Corporate Services

Purpose of Report

1. To provide the board with an update on the marketing, allocation, price and customer interest in the shared ownership properties at Kibblesworth.

Background

2. Shared ownership is part of a government funded part buy/part rent scheme to help first-time buyers to become home owners.
3. Initially customers can purchase a share of between 25% and 75% of their new home and pay rent on the remaining share.
4. Potential customers will be assessed by ISOS (the HomeBuy agent approved by government for the North East region) to ensure they are eligible for shared ownership.
5. The assessment undertaken by ISOS will look at the applicants' ability to meet the basic criteria of the HomeBuy scheme.
6. The details of those accepted will then be forwarded to The Gateshead Housing Company to assess who is eligible for a property by utilising the shared ownership allocation policy.
7. There are 13 homes being built on the Kibblesworth development that are to be marketed as shared ownership properties.

6x 2 Bed Semi Detached
1x 4 Bed Detached
1x 5 Bed Detached

1x 3 Bed Mid Terrace
2x 3 Bed Semi Detached
2x 3 Bed End Terrace

8. Due to poor weather conditions throughout the winter months the properties did not become available for sale in line with previous timescales, however all properties are now available for sale.

Marketing

9. Marketing has continued using the following methods, which is expected to continue throughout the year:

- The Gateshead Housing Company News
 - The Gateshead Housing Company website
 - Leasehold News
 - Evening Chronicle
 - ISOS HomeBuy Agent Website
 - Tyne & Wear Homes website
 - Twitter and Facebook
10. To support the marketing of the properties the company has produced a 'frequently asked questions' brochure and shared ownership booklet. These are available on the website and in paper format where required.
 11. As reported at the previous board, Reeds Rains were appointed to provide some additional marketing of the remaining five unsold properties (1 x 5 bed, 3 x 3 bed and 1 x 2 bed) in August 2013, through the following means:
 - Sales support through the Reeds Rains Whickham branch
 - Dedicated advertising and marketing
 - A web marketing package, including Rightmove.co.uk, and 10 other leading property portals
 - Local papers
 12. In order to support the marketing of the 5 bed property, we have requested Reeds Rains make it their 'Property of the Week' from 4th November 2013. This involves dedicating their main front window display to the marketing of this property.
 13. In addition, we have also agreed to provide carpeting of the property as a further incentive, which Keepmoat will provide and fit from their existing range.
 14. The fee structure for marketing and sale of the properties remains at £1,500 for the 5 bed property and £1,250 for all other properties. Reeds Rains have not been given sole marketing rights and therefore marketing will also continue through Tyne and Wear Homes and ISOS. Fees are only payable on completion of sale and therefore no fees will be payable unless Reeds Rains secures the sale of a property through their marketing.
 15. Various press releases have been produced by the communications team and proactive marketing of those individuals registered on Tyne and Wear Homes.
 16. The Leasehold Services team have attended local events to further promote the shared ownership scheme and the local housing office has delivered leaflets in the local area.
 17. An 'open house' event was also held with one of the 3 bed properties as part of the Kibblesworth Celebration Event on the 28th September. The Leasehold Services Team hosted the event and over 60 potential customers attended to view the property and get their questions answered.

Price

18. Under HCA guidelines all valuations on the shared ownership properties must be carried out by a RICS qualified valuer. The properties must be valued every 3

months. The next valuation is due on 12 December 2013. Five valuations have been undertaken to date as outlined in Appendix 1.

Customer Interest

19. To date, one hundred and thirty customers have expressed an interest and twenty completed applications have been sent for assessment by ISOS.
20. Fifteen applications have been approved, three have been rejected and two are currently still being assessed by ISOS. Of those approved, eight properties have now been sold. 5 properties remain unsold on the site - 1 x 5 bed, 3 x 3 bed and 1 x 2 bed.
21. Three applications were approved by ISOS in relation to the one remaining 2 bed property. These applications required further assessment by the Lettings Team under the Keelman Homes allocation policy. The successful applicant has now been notified and a reservation fee has been requested.
22. In addition, two applications have been approved in relation to the three remaining 3 bed properties and a further 2 applications are still in the process of being assessed by ISOS. Once all of the applications have been assessed by ISOS, they will then be passed to the Lettings Team for further assessment under the Keelman Homes allocation policy.
23. Three customers have shown an interest in the 5-bed property. Of those, two withdrew their applications prior to the assessment stage and one who had been approved by ISOS was unable to secure a mortgage.
24. Seven customers have applied to ISOS for an assessment but have not provided the relevant financial information to enable an assessment to be carried out. One customer had applied to ISOS but has cancelled the application by email due to the impact on his personal savings allowance.
25. The table in Appendix 2 outlines the current status and outcome of each application and the properties that have now been sold.
26. Legal Services have completed the conveyancing process on the eight properties that have now been sold and the first month's rent has been collected with the completion of each sale. All sold properties have been invoiced the rent for the remainder of the year and Direct Debit payment schedules have been created for all customers
27. Decisions as to whether to provide incentives are still being undertaken on a property by property basis. Due to the lower level of interest in the 5 bed property, it has now been agreed that the property should be offered for sale 'fully carpeted'.

Impact on Tenants

28. All tenants have the opportunity to apply for one of the shared ownership properties if they pass the financial assessment undertaken by ISOS

Financial Implications

29. ISOS charge £180 (plus VAT) for an assessment of eligibility. To date, ISOS have been paid £1,260 for 7 assessments. We are currently awaiting invoices for the remaining 11 completed assessments.
30. Gateshead Council drafted the plans for the 13 shared ownership properties and was paid £1,625.
31. Property re-valuations are required every 3 months and must be carried out by a RICS qualified surveyor at a cost of £180 per valuation, this will reduce as sales progress.
32. Gateshead Council Legal Services have been commissioned to complete all legal conveyance of a sale, at a rate of £432 per property plus £86.40 on solicitors' fees. To date, £4,147 has been paid to Gateshead Council.
33. An additional valuation report has been commissioned to meet the S119 Charities Act 2001 and the Charities (Qualified Surveyors' Report) Regulation 1992 at a cost of £300.
34. Income received to date from the sale of properties is £438,603. Rental income projected for the year from the eight sold properties is £13,242. Rents will be reviewed and increased each April in line with the formula in the lease.
35. Any incentives provided to encourage a sale will be either carpets or white goods and these have been budgeted at around £2,000 per property. The estimated cost of fully carpeting the 5 bed property to encourage a sale is £2,240.
36. Reed Rains fees could cost a maximum of £6,500 if the remaining five properties are all sold via their external marketing.
37. The successful applicant for the 2 bed property was secured through Reeds Rains and therefore a fee of £1,250 will be payable on completion of the sale.

Risk Management Implications

38. All properties have now been agreed as complete in line with HCA grant conditions and the HCA has now released all grant funding.
39. There is a risk that the properties will not be sold under Shared Ownership. If this occurred then agreement has been reached with the HCA to market these properties as Rent to Buy.

Value for Money Implications

40. Regular meetings are held with Keepmoat to ensure value for money is achieved on all solutions.
41. Three quotes were obtained in relation to the cost of property valuations and the most advantageous quote was agreed.

42. Seven estate agents were contacted in relation to the external marketing of properties and three quotes were obtained. The most advantageous quote was agreed in terms of fee structure and experience in the shared ownership market.

Equality and Diversity Implications

43. There are no equality and diversity implications directly arising from this report.

Health implications

44. Keepmoat are aware that dust and noise have potential health implications. This is mitigated by the site being part of the 'Considerate Constructor Scheme' which monitors these and other matters.

Consultation Carried Out

45. No consultation has been carried out directly in respect of this report.

Recommendation

46. The views of the Board are sought as to whether they are satisfied with the progress made to date on the marketing, allocation and sale of the shared ownership properties.

Valuations of Shared Ownership Properties at Kibblesworth

	Valuation Date 13 June 2012	Valuation Date 12 September 2012	Valuation Date 12 December 2012	Valuation Date 12 March 2013	Valuation Date 12 June 2013	Valuation Date 12 September 2013
2 bed semi	£115,000	£115,000	£115,000	£115,000	£115,000	£115,000
3 bed mid-terrace	£128,000	£126,000	£126,000	£126,000	£126,000	£126,000
3 bed end-terrace	£132,000	£132,000	£132,000	£132,000	£132,000	£132,000
3 bed semi	£134,000	£132,000	£132,000	£132,000	£134,000	£134,000
4 bed detached	£168,000	£168,000	Sale agreed	Sale Agreed	Sold	Sold
5 bed detached	£175,000	£175,000	£175,000	£175,000	£175,000	£175,000

ISOS Applications for Shared Ownership Properties at Kibblesworth

No	Status	Date	Update/Outcome
1	Approved	14.01.13	Approved to purchase 5 Bed Detached. Withdrew application as unable to secure a mortgage.
2	Rejected	19.02.13	Prospective buyer's income insufficient
3	Rejected	11.04.13	Prospective buyer unable to secure a mortgage
4	Approved	28.05.13	Purchased 4 Bed Detached 75%
5	Approved	31.05.13	Purchased 2 Bed Semi Detached 25%
6	Approved	14.06.13	Purchased 3 Bed Semi Detached 30%
7	Approved	14.06.13	Purchased 2 Bed Semi Detached 25%
8	Approved	01.07.13	Purchased 3 Bed End Terrace 50%
9	Approved	05.07.13	Purchased 2 Bed Semi Detached 30%
10	Approved	12.07.13	Purchased 2 Bed Semi Detached 30%
11	Approved	09.08.13	Approved to purchase 2 Bed Semi Detached. Withdrew application as unable to secure a mortgage.
12	Approved	04.10.13	Purchased 2 Bed Semi Detached 75%
13	Approved	29.10.13	Approved to purchase 2 Bed Semi. Application assessed under Keelman Homes Allocation policy. Application unsuccessful.
14	Approved	31.10.13	Approved to purchase 2 Bed Semi. Application assessed under Keelman Homes Allocation policy. Application unsuccessful.
15	Approved	01.11.13	Approved to purchase 2 Bed Semi. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer requested to forward reservation fee and details of solicitors to enable conveyance to commence.
16	Rejected	04.11.13	Prospective buyer unable to secure a mortgage
17	Approved	05.11.13	Approved to purchase 3 Bed Mid Terrace. Will be forwarded for assessment under Keelman Homes allocation policy once remaining applications have been approved/rejected by ISOS.
18	Approved	06.11.13	Approved to purchase 3 Bed Mid Terrace. Will be forwarded for assessment under Keelman Homes allocation policy once remaining applications have been approved/rejected by ISOS.
19	Applied	07.11.13	Eligibility/financial assessment to be completed by ISOS for 3 bed property.
20	Applied	07.11.13	Eligibility/financial assessment to be completed by ISOS for 3 bed property.