



Title: Kibblesworth Shared Ownership Update

Report of: TGHC Head of Corporate Services

Purpose of Report

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

Background

2. The report details a summary of activities undertaken in relation to the sale of the remaining five shared ownership properties at Kibblesworth.

Marketing

3. Marketing through The Gateshead Housing Company has continued using the following methods:
 - 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
 - Frequently Asked Questions brochure available via the website
4. Reeds Rains has continued to market through their sales support team at the Whickham branch. This includes a web marketing package, including Rightmove .co.uk and 10 other leading property portals, as well as local papers.
5. 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. Reed Rains fees will total £6,500 as the remaining 5 property sales have all been secured via their external marketing. Fees will become payable on completion of sale.

Price

6. 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. Six valuations have been undertaken to date. The next valuation was

due on 12 December 2013 however, as all properties have now been reserved, the valuation was no longer required.

	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

Customer Interest

7. To date, one hundred and thirty-nine customers have expressed an interest and twenty-three completed applications have been sent for assessment by ISOS.
8. Nineteen applications have been approved and four have been rejected. Of those approved, eight properties have now been sold and the remaining five properties are currently going through conveyancing (3 x 3 bed, 1 x 2 bed and 1 x 5 bed).
9. The table in Appendix 1 outlines the status and outcome of each application in relation to all of the Kibblesworth properties.
10. All sold properties have been invoiced the rent for the remainder of 2013/14 and Direct Debit schedules have been created for all customers.
11. Due to the lower level of interest in the 5 bed property, it was agreed that the property should be offered for sale 'fully carpeted' and a contribution made to the cost of purchasing a cooker and fridge freezer.

Impact on Tenants

12. 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

13. ISOS charge £180 (plus VAT) for an assessment of eligibility. To date, ISOS have been paid £3,420 for 19 assessments. We are currently awaiting invoices for the remaining assessments.

14. Gateshead Council drafted the plans for the 13 shared ownership properties and was paid £1,625.
15. 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. It is unlikely that any further valuations will be required.
16. 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.
17. 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.
18. Income received to date from the sale of properties is £438,603. Rental income projected for the year from the eight sold properties is £13,252. Rents will be reviewed and increased each April in line with the formula in the lease.
19. The estimated cost of fully carpeting the 5 bed property is £2,240. The contribution to the cost of white goods (cooker and fridge freezer) is a maximum of £500.00 per appliance.
20. Reed Rains fees will be £6,500 as the remaining 5 property sales have all been secured via their external marketing.

Risk Management Implications

21. All properties have now been agreed as complete in line with HCA grant conditions and the HCA has now released all grant funding.
22. 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

23. Regular meetings are held with Keepmoat to ensure value for money is achieved on all solutions.
24. Three quotes were obtained in relation to the cost of property valuations and the most advantageous quote was agreed.
25. 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

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

Health Implications

27. 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

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

Recommendation

29. 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.

Appendix 1

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 unsuccessful under Keelman Homes Allocation policy.
14	Approved	31.10.13	Approved to purchase 2 Bed Semi. Application unsuccessful under Keelman Homes Allocation policy.
15	Approved	01.11.13	Approved to purchase 2 Bed Semi 25%. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer currently going through conveyancing process.
16	Rejected	04.11.13	Prospective buyer unable to secure a mortgage
17	Approved	05.11.13	Approved to purchase 3 Bed Mid Terrace 45%. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer currently going through conveyancing process.
18	Approved	08.11.13	Approved to purchase 3 Bed End Terrace 40%. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer currently going through conveyance process.
19	Approved	08.11.13	Approved to purchase 3 Bed Semi Detached 25%. Application assessed under Keelman Homes Allocation policy. Application successful, prospective buyer currently going through conveyance process.
20	Approved	08.11.13	Approved by ISOS to purchase 3 Bed property. Withdrew application as unable to secure a mortgage.
21	Approved	09.12.13	Approved to purchase 5 Bed property 25%. Application assessed under Keelman Homes Allocation Policy. Application successful, prospective buyer currently going through the conveyance process.
22	Approved	02.12.13	Approved to purchase 5 Bed property. Application unsuccessful under Keelman Homes allocation policy.
23	Rejected	06.12.13	Application to purchase 5 Bed property withdrawn by ISOS as applicants did not provide all relevant information required to carry out the financial assessment.