

LOCHABER HOUSING ASSOCIATION LTD.
LIFT NEW SUPPLY SHARED EQUITY (NSSE) SCHEME
MARKETING STRATEGY - CLAGGAN – ACHARIACH & DUN DEARDAIL

Background to the Association

Lochaber Housing Association is a Scottish Charity (SCO 30951), a Friendly Society under the Industrial and Provident Societies Act 1965 (2289R) and a Registered Social Landlord (No. 151). The Association is a non-profit making organisation that aims to provide good quality affordable housing opportunities for local people in the communities of Lochaber.

The Association was set up in 1988 following work undertaken by Shelter, which identified chronic housing need in Lochaber's rural communities. Local communities were under pressure because of the difficulty in accessing rented accommodation. This was largely because of the impact of the Right to Buy on Council housing and the difficulty of accessing owner occupation because of the high property price fuelled by land costs and second and holiday homes. These problems are even more acute now than they were then, notwithstanding the work of the Association, The Highland Council and other agencies in the intervening period.

The prime aim of Lochaber Housing Association is to provide good quality truly affordable housing to help sustain Lochaber's Communities. The Association achieves this by accessing public funding, mainly through the Scottish Government as well as private sector lending facilities to develop and manage housing, mainly for rent but also through low cost home ownership accommodation.

Lochaber Housing Association is a customer focused organisation with the primary objective to work within our communities as a social landlord providing homes and services and as a key positive contributor to the economic and environmental wellbeing of Lochaber.

The Strategic and Local Housing Market Context

All communities in the Lochaber Area have now attained pressured area status. The demand for affordable housing exceeds supply and, in its Highland's Strategic Housing Investment Plan (SHIP) 2010-2015, the Highland Council has identified that, within Lochaber, Fort William and the neighbouring communities are the highest priorities for Affordable Housing Investment.

Up until early 2008 the demand for private housing in the Fort William area also exceeded supply. The private housing market was largely driven by the demand for holiday homes and from in-migration to the area of people, often of retirement age, who had realised equity that they held in their former homes in other areas of the UK with higher property values.

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The effects of the credit crunch and recession, including the inability to attain mortgages, the nervousness of expected reducing house prices and increased interest rates, and the fear of job losses appears, by the number of properties remaining on the market, to have reduced the demand for private housing at all levels in the Fort William area.

The effect of the slowdown in the market is that entry level private housing can now be purchased at surveyed value or close to surveyed value.

The difficulty for prospective home owners who wish to purchase despite the present difficulties will be the ability to obtain a mortgage. In the current lending environment only applicants with an exemplary credit history will be in a position to obtain a mortgage and they will be required by most lenders to provide a deposit of between 15% and 25%.

Eligible applicants of the LIFT schemes who can obtain a mortgage will benefit by the requirement for a deposit by the lender much lower (currently in the region of 5%, depending on lender) than the 15% to 25% they require for other prospective home owners.

The Association's research of the Fort William area housing market has found that entry level properties currently on the web sites of local estate agents range from a 1-bedroom flat in Torlundy priced at £80,000 to £160,000 for a 3-bedroom semi detached house in Inverlochy. This would mean that, based on a 15% deposit and 85% mortgage at a multiple of 2.5 or 3.0 times annual salary for joint and single income households respectively, then only households with high level savings of £12,000 and gross annual incomes of £22,666 or above for single income households and £27,200 or above for dual income households can afford to purchase the lowest price property available on the market in the Fort William area.

Figures from the Annual Survey of Hours and Earnings (ASHE) estimate the median gross weekly wage for the Highlands and Islands to be £350 (£18,200 p.a.) in 2009. No accurate data is available for income at the Lochaber, Skye and Wester Ross geography, however, given what is known about the local economy inferences can be made about the probable nature of income. In Lochaber, Skye & Wester Ross, earnings are likely to be below the Scottish and Highlands and Islands levels due to its high share of employment (in particular self-employment) in relatively low paying sectors such as tourism and the primary sectors. (HIE Area profile for Lochaber, Skye and Wester Ross January 2011)

From this information it can be determined that single income households in Fort William with mid-range earnings for the Highlands and Islands and without a high level of savings cannot afford to enter the local housing market.

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Identifying Target Groups

LIFT New Supply Shared Equity Scheme Guidelines:-

National objectives

- The applicant household is in receipt of a low income and cannot meet their housing needs because of market conditions in the area where they are required to live; there is to be a particular focus on first time buyers.

The following groups of people will get priority access to the LIFT New Supply Shared Equity Scheme as long as they meet eligibility criteria for shared equity schemes.

- Serving members of the armed forces;
- Veterans who have left the armed forces within the past year and wish to buy a home;
- Widows, widowers and other partners of service personnel killed in action for up to one year after their partner has been killed

LIFT New Supply Shared Equity may also be used to provide affordable home ownership for:

- Those currently living in the social rented sector who aspire to home ownership;
- Existing or previous home owners unable to sustain or move back into home ownership due to a significant change in household circumstances.
- Those with particular needs unable to purchase a home suitable for their needs.

Highland Housing Strategy prioritisation

1. Housing Association/Highland Council tenants living in designated pressured areas or without the Right to Buy.
2. Other Highland Housing Association/Highland Council tenants.
3. Highland Housing Register applicants – with prioritising based on housing need.
4. First time buyers or others seeking to buy after a significant change in their household circumstances.

Priority is given to tenants as this releases their tenancy to another household. Additional priority may be given, where there is significant pressure in the community, to people with a need to reside there.

LHA Criteria

Lochaber Housing Association's main aim is to provide good quality housing accommodation to applicants in housing need, in order to help maintain and develop thriving communities throughout Lochaber.

Additional to the National objectives and Highland Housing Strategy prioritisation, the Association would consider that the applicant must have lived in the Fort William area for a minimum of 6 months.

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Type, Purchase Price and Location of the Developments

The 2 new developments at Claggan comprise:

Achariach

- 16 x 2-bedroom, 4-person, general needs apartments
- 4 x 3-bedroom, 5-person, general needs apartments
- 2 x 3-bedroom, 5-person, special needs apartments

The properties available for LIFT New Supply Shared Equity are:

- 4 x 2-bedroom, 4-person, general needs apartments

Dun Deardail

- 8 x 2-bedroom, 4-person, general needs apartments

The properties available for LIFT New Supply Shared Equity are:

- 2 x 2-bedroom, 4-person, general needs apartments

The rules of the LIFT New Supply Shared Equity Scheme allow for an applicant to purchase 2-bed spaces more than they require thus a minimum of a 2-person application is required for these properties.

The desktop market value of the New Supply Shared Equity Scheme units has been estimated by the District Valuer to be £125,000; confirmation will come following inspection of the completed properties. Applicants will undergo a form of ‘means testing’ and generally be required to take an equity stake of between 60% and 80% of the market value but, in exceptional circumstances, and with the agreement of the Scottish Government, the maximum equity stake can be as low as 51%.

Required household incomes for minimum stakes	51% exceptional stake & minimum income required	60% minimum stake and minimum income required
Minimum stake value	£63,750	£75,000
Combined income household 2.5 multiplier	£24,300	£28,600
Single income household 3.0 multiplier	£20,250	£23,825
Approximate Savings (based on a lender required 5% deposit and £1000 consultant fees)	£4,000	£4,575

In the event that a release of LIFT New Supply Shared Equity Scheme units is oversubscribed, the Association will allocate LIFT New Supply Shared Equity Scheme properties based on housing need. This need will be determined using the Highland Housing Register’s standard Allocations Policy and Points System.

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The Marketing Process

The availability of the New Supply Shared Equity units will be advertised via:

- ❖ Development site sign
- ❖ LHA Website
- ❖ LHA Newsletter
- ❖ Flyer in the Highland Council Service Point
- ❖ Flyer in the Highland Council Notice Board fronting the High Street
- ❖ Distribution of marketing material to IFA's and participating Bank Mortgage Advisors
- ❖ Advertising in the Lochaber Life, Oban Times and Lochaber News
- ❖ The development information pack will be sent to those currently on the Shared Ownership/New Supply Shared Equity Scheme Register.

The development information pack which will be sent to all enquirers will contain:-

- Site and Apartment Layouts providing property values and salary ranges required to fund stake
- The Association's New Supply Shared Equity Scheme Marketing Strategy
- 'Helping You to Become a Home Owner' LIFT New Supply Shared Equity Scheme brochure.
- LIFT New Shared Equity Initial Housing and Financial Criteria Assessment