

LOCHABER HOUSING ASSOCIATION LTD.

NEW SUPPLY SHARED EQUITY SCHEME MARKETING STRATEGY – GLENLOCHVIEW, FORT WILLIAM

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, with the exception of Kinlochleven, the Plantation estate in Fort William and the three streets of Carn Dearg, The Corries and Polmona in Claggan, have attained pressured area status. The demand for affordable housing exceeds supply and, in its Highland's Strategic Housing Investment Plan (SHIP) 2008, the Highland Council has identified the Fort William area as the highest priority for investment in increasing the supply of affordable housing.

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. The private housing market also experienced a demand for entry level housing from investors in the Buy to Let housing market.

LOCHABER HOUSING ASSOCIATION LTD.

NEW SUPPLY SHARED EQUITY SCHEME MARKETING STRATEGY – GLENLOCHVIEW, FORT WILLIAM

The effects of the credit crunch and recession, including the inability to attain mortgages, the nervousness of expected reducing house prices, 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 Fort William.

The effect of the slowdown in the market is that entry level private housing can now be purchased at surveyed value; this, coupled with the April 2009 raised threshold limits for the area, may allow eligible applicants of the LIFT Open Market Shared Equity pilot an opportunity to purchase a home on the open market and reduce the demand, and may increase the supply, of affordable rented property.

The difficulty for prospective home owners who wish to purchase despite the present difficulties will be the ability to attain a mortgage. In the current lending environment only applicants with an exemplary credit history will be in a position to attain a mortgage.

Eligible applicants of the LIFT schemes who can attain a mortgage will benefit by not having to provide the prohibitive high level of deposit as people not eligible for the scheme, the reason being that mortgage lenders regard the Scottish Government's equity share as deposit.

Target Groups to be Housed

The Association's research of the Fort William housing market has found that the typical price of a two-bedroom flat is £82,000 to £107,500 and a two-bedroom semi-detached house is £93,950 to £126,000. 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 levels of savings and gross annual incomes of £23,233 or above for single income households and £27,880 or above for double income households can afford to purchase the lowest price two bedroom property in Fort William.

Although no exact information is available on average income levels in the area, according to the Office for National Statistics, the median income for employees in the Ross, Skye and Lochaber constituency in 2005/2006 was £17,100. From this information it can be determined that households in Fort William with mid-range earnings cannot afford to enter the local housing market.

Given the high demand for affordable homes in the Fort William area the Association is targeting the New Supply Shared Equity Scheme units at households who live in the Fort William area and whose financial circumstances can attain them a maximum equity stake of an amount between the minimum 51% and maximum 80% range. These households should be first-time buyers although consideration will be given to owner occupiers:

LOCHABER HOUSING ASSOCIATION LTD.

NEW SUPPLY SHARED EQUITY SCHEME MARKETING STRATEGY – GLENLOCHVIEW, FORT WILLIAM

- ❖ who are disabled (or who have disabled household members) and whose current accommodation, as a result of the disabled person's impairment, is unsuitable due to its design or location;
- ❖ whose current accommodation is overcrowded and cannot be extended;
- ❖ whose current accommodation is below tolerable standards and due to physical or financial constraints cannot be renovated.

Preference will be given to existing affordable housing tenants in the Fort William area who meet the New Supply Shared Equity Scheme criteria to maximise the impact of the New Supply Shared Equity Scheme units in terms of affordable housing provision in that the vacated affordable housing unit would be available for re-let to a household in housing need.

Type, Purchase Price and Location of the Development

The development at Glenlochview, Achintore Road, Fort William comprises of 18, 2-bedroom open plan kitchen apartments within 3 blocks of 2-storeys set amidst communal gardens off the main A82 road.

Under a Section 75 agreement between the Highland Council, Holme Park Developments Limited and Norwest Sales Limited, 5 of the 2-bedroom, 3-person apartments are to be sold to a Registered Social Landlord for the purpose of Shared Equity Ownership.

The market value of the New Supply Shared Equity Scheme units has been determined by the District Valuer at £155,000. The units will then be subject to a 5% discount on the market value. This means that taking into account New Supply Shared Equity Scheme grant assistance, households will need to be able to raise a stake of £75,098 for a minimum 51% stake or £88,350 for a minimum 60% stake.

Based on an income-to-mortgage multiplier of 2.5 for a combined income household and 3.0 for a single income household, those eligible for a minimum 51% stake household incomes would need to be £30,039 for combined income households and £25,033 for single income households. For the remainder, i.e. minimum 60% stake, household incomes would need to be £35,340 for combined income households and £29,450 for single income households.

Identifying Target Groups

New Supply Shared Equity Scheme Guidelines:-

LOCHABER HOUSING ASSOCIATION LTD.

NEW SUPPLY SHARED EQUITY SCHEME MARKETING STRATEGY – GLENLOCHVIEW, FORT WILLIAM

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.
- First time buyers and people in the Armed Forces and veterans who have left the forces in the past year are to be given priority to the scheme.

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

- RSL or Council tenants 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. RSL/Highland Council tenants living in designated pressured areas.
2. RSL/Highland Council tenants not living in designated pressured areas.
3. RSL/Highland Council waiting list applicants.
4. First time buyers or others seeking to buy following a significant change in their household circumstances.

The minimum stake for Housing Association tenants, Local Authority tenants or applicants with a disabled member of their household is 51%. The minimum stake for all other applicants is 60%

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 two years.

In the event that a release of New Supply Shared Equity Scheme units is oversubscribed, the Association will allocate 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.

LOCHABER HOUSING ASSOCIATION LTD.

NEW SUPPLY SHARED EQUITY SCHEME MARKETING STRATEGY – GLENLOCHVIEW, FORT WILLIAM

The Marketing Process

At an early stage in the development the availability of Shared Equity units will be advertised via:

- ❖ Development site sign
- ❖ LHA Website
- ❖ LHA Newsletter

At a suitable stage of the development (normally three to four months prior to the contract completion date), LHA will advertise the LIFT New Supply Shared Equity properties via:

- ❖ Visit to personnel departments of all main local employers to request display of a marketing material on company notice boards.
- ❖ Inclusion of marketing material with LHA Newsletter or enclosed with rent statements (dependant on timing)
- ❖ Delivery of marketing material to the Highland Council offices to allow them to promote the scheme to their tenants.
- ❖ Distribution of marketing material to IFA's and participating Bank Mortgage Advisors
- ❖ Display of marketing material in Community Notice boards
- ❖ Marketing day to be held locally
- ❖ 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:-

- Housing/Financial Criteria Checklist
- House 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' New Supply Shared Equity Scheme brochure.

LOCHABER HOUSING ASSOCIATION LTD.

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MARKETING STRATEGY – GLENLOCHVIEW, FORT WILLIAM**

In the event that there is no take up of the properties following extensive marketing to the residents of the Fort William area then the properties will be marketed Lochaber wide.