




# **Communities Scotland**

a Scottish Executive agency

Working with others to ensure decent housing and strong communities across Scotland

# **Homestake**

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# Homestake

- What is Homestake?
- Background
- Targeting
- Project Types
- The Homestake Owner
- Open Market Purchase Scheme
- Statistics / Formal Review



# Homestake

- Affordable Housing Review
- Discussion paper, responses and report  
November 2004 – March 2005
- Development of detailed procedures  
April – August 2005
- Public Launch – September 2005

# Homestake

- Targeting of new supply – 4-stage approach
  - Establish strategic and local housing market context
  - Identify target group(s)
  - Identify appropriate location, type and purchase price
  - Establish affordability/conduct means-testing

# Homestake

## Target groups:

- Targeted at low income households
- Means-testing
- Key target group – first-time buyers
- Flexible design to help others including:
  - disabled persons
  - older people
  - existing owners participating in agreed area redevelopment plans

# Homestake

## Project types:

- Working with RSLs to:
  - build new properties
  - purchase properties from private developers
  - help existing owners participate in agreed area redevelopment plans
  - pilot open market purchase scheme (Edinburgh and Lothians)

# Homestake

- **A Homestake owner:**
  - **has title to the entire property**
  - **is expected to occupy the property as their only residence**
  - **is responsible for all repairs and maintenance**
  - **is obliged to insure the property**
  - **is allowed to let and sub-let, with the RSL's agreement**



# Homestake

## Equity stakes:

- **Based on market value**
- **Initial equity stakes:**
  - normally between 60% to 80%
  - exceptionally between 51% to 59%
  - existing owners participating in agreed area redevelopment plans
- **The 'golden share'**

# Homestake

## Operational procedures – new supply:

- **Financial appraisal at tender stage (1 unit):**
  - total development cost **£100,000**
  - open market value **£90,000**
  - Homestake owner's equity stake **60%**
  - Homestake owner's actual equity stake **£54,000**
  - RSL's equity stake **40%**
  - RSL's actual equity stake **£36,000**
  - funding breakdown:
    - Homestake owner **£ 54,000**
    - Homestake Grant **£ 46,000**

# Homestake

Operational procedures – new supply:

- **Financial appraisal at completion stage (1 unit):**
  - **total development cost** **£100,000**
  - **open market value** **£90,000**
  - **Homestake owner's equity stake** **70%**
  - **Homestake owner's actual equity stake** **£63,000**
  - **RSL's equity stake** **30%**
  - **RSL's actual equity stake** **£27,000**
  - **funding breakdown:**
    - Homestake owner** **£63,000**
    - Homestake Grant** **£37,000**
  - **grant provider's receipt (£46,000 - £37,000)** **£9,000**

# Homestake

- **Operational procedures – new supply:**
- **Financial appraisal at tender stage (1 unit):**
  - **total development cost** **£85,000**
  - **open market value** **£110,000**
  - **Homestake owner's equity stake** **60%**
  - **Homestake owner's actual equity stake** **£66,000**
  - **RSL's equity stake** **40%**
  - **RSL's actual equity stake** **£44,000**
  - **funding breakdown:**
    - **Homestake owner** **£66,000**
    - **Homestake Grant** **£19,000**

# Homestake

- **Financial appraisal at completion stage (1 unit):**
  - total development cost **£85,000**
  - open market value **£110,000**
  - Homestake owner's equity stake **70%**
  - Homestake owner's actual equity stake **£77,000**
  - RSL's equity stake **30%**
  - RSL's actual equity stake **£33,000**
  - funding breakdown:
    - Homestake owner **£ 77,000**
    - Homestake Grant **£ 8,000**
  - grant provider's receipt (**£19,000 - £8,000**) **£11,000**

# Homestake

## Open market purchase scheme:

- Pilot scheme in Edinburgh and Lothians
- Purchase property on open market
- Grant paid to RSL
- 3 RSLs administering
- Currently being evaluated

# Homestake

- **2005/2006:** 843 new unit approvals
- **Plus** 165 passport approvals via Open Market Pilot
- “At least 1,000 properties to be funded per year within 3 years”
- Formal review within 5 years



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