

# Report of the Scrutiny Investigation into the Provision of Affordable Housing for Local People

## **Members of the Investigation**

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January 2013

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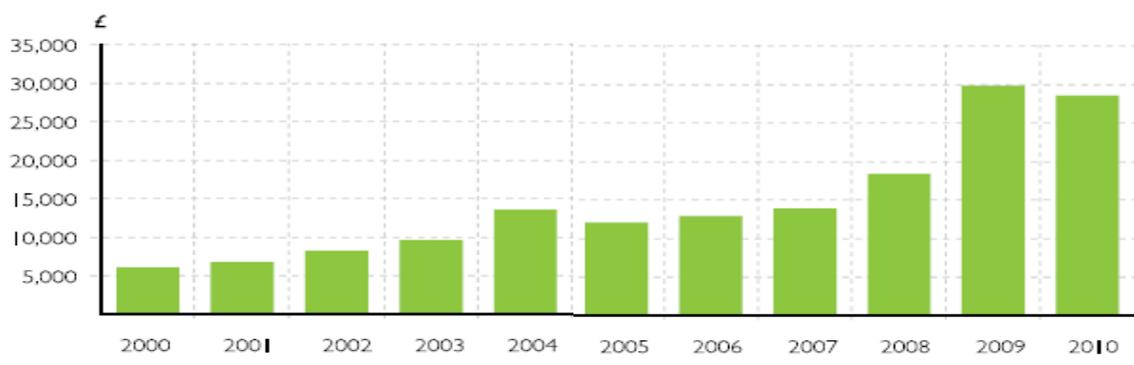
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## 1. Context

- 1.1 The Council has had considerable success in encouraging and developing affordable units from different ventures by the Council and its partners.
- 1.2 However, some unexpected side-effects arose from some of those ventures as the market developed and it was difficult to identify the most effective ventures to realise the Council's ambition.
- 1.3 It was strongly suggested that one of the greatest difficulties for people wishing to enter the housing market is to secure the deposit for entry into the market.
- 1.4 On the 6 March 2012 a report on First Time Buyers Scheme was presented to the Board. The report stated that officers had been working on two schemes that the Council could introduce, namely:
  - a. A scheme developed in collaboration between Flintshire and Gwynedd Councils and Arc 4 Consultants which would introduce mortgage deposit loans to help local first time buyers to meet the deposit requirements of lenders to access home purchase mortgages
  - b. The Local Authority Mortgage Scheme developed by Sector which is a U.K. wide scheme where a Council would provide assistance to a potential first time buyer in the form of an indemnity to that buyer's lender.
- 1.5 Scheme a) was felt at the time to be the most appropriate as the Council could decide on the access criteria and therefore the ARC 4 Deposit Scheme for First Time Buyers was recommended by officers and subsequently approved by the Council Board. The Report highlighted the increasing market of first time buyers who are unable to access homeownership because of the onerous deposit requirements of lenders of up to 25% of the property value.
- 1.6 One of the results of the credit crunch is the stricter controls on the sourcing of funds for home owner mortgages. Additionally, rules on lenders capital adequacy have been strengthened i.e. the higher 'loan to value' mortgages provided by lenders and the higher provision in deposited funds required. The more capital lenders have to keep 'on deposit' the less borrowing and lending they can do. Deposit requirements hence remain high. This is the situation which means that a group of people who would be able to sustain home ownership but require support to access the finance from lenders.
- 1.7 Table 1 below clearly demonstrates how over the period 2000 to 2010, the average deposit provided by first time buyers has increased significantly from around £6,000 in 2000 to around £29,000 in 2010.

**Table 1 – Average first time buyer deposits 2000 – 2010**

**Average first-time buyer deposits**



1.8 Table 2 below brings together the latest information on the prices of different types of properties within the county.

**Table 2 – Figures on house sales in Gwynedd**

House Type	Number of Sales	House Prices			
		Median	Lower Quartile	Upper Quartile	90th Percentile
Detached	411	£ 195,000	£ 150,000	£ 250,000	£ 342,000
Semi-Detached	260	£ 135,000	£ 115,000	£ 172,250	£ 217,900
Terraced	522	£ 110,000	£ 85,000	£ 133,125	£ 165,000
Flat / Maisonette	59	£ 102,000	£ 69,500	£ 140,000	£ 197,500
Total	1,252	£ 132,000	£ 100,000	£ 185,000	£ 250,000

Source: Land Registry

NB Clearly, the above are county averages. In addition, it is important to acknowledge that there is a significant difference in prices of different properties in different areas across the county. The table below shows the average house prices in the 20 wards within the county with the highest average prices.

**Table 3: Average house prices (October 2011- March 2012) – 20 wards with highest percentages of average house prices**

Area	Average Price (£) (October 2011 – March 2012)			
	Terraced	Semi detached	Detached	Flat
Abersoch	235,317	410,000	1,233,333	-
Llanengan	195,000	124,500	337,042	-
Brithdir & Llanfachraeth/ Ganllwyd/Llanelltyd	-	176,296	293,143	-
Criccieth	175,000	270,000	291,995	137,500
Corris/Mawddwy	114,000	87,500	279,236	-
Llanuwchllyn	92,250		295,000	-

Efail-newydd/Buan	-	169,000	260,938	-
Aberdaron	-	-	226,900	-
Abererch	-	135,000	276,667	-
Tudweiliog	-	170,000	230,000	-
Tregarth & Mynydd Llandygai	141,000	177,000	277,500	-
Waunfawr	99,000	144,000	250,533	-
Llanbedrog	245,000	207,500	205,666	-
Llanbedr	-	120,000	217,714	-
Porthmadog West	150,000	270,000	219,150	109,000
Bontnewydd	115,000	145,000	227,625	-
Glyder	-	182,409	221,333	-
Cwm-y-Glo	115,000	187,500	237,488	-
Groeslon	134,167	122,000	241,667	-
Aberdovey	195,000	138,500	303,750	137,500

*Source: Hometrack  
- Data not available*

## 2 The Purpose of the Scrutiny Investigation

2.1 The Scrutiny Investigation was established by the Communities Scrutiny Committee in order to seek to answer the following questions:-

- a) Are the Council's current efforts to address the problem of assisting people to secure mortgage deposits likely to be enough?
- b) Does the "Sector Scheme" offer benefits that are in line with the Council's ambition?
- c) What are the risks associated with the Sector and can they be managed adequately?
- ch) Are there any other ventures that could prove effective in terms of securing access to the housing market?
- d) To look at buyers' issues only since the rental sector could be the subject of another inquiry in the future

2.2 It was noted at the start that, if the Investigation is successful, it would:-

- Prepare clear evidence-based recommendations for the Cabinet Member to consider implementing the scheme or not
- Offer further suggestions on other ideas that the Cabinet Member could consider

2.3 The Investigation was established by members of the Communities Scrutiny Committee at the Preparatory Meeting on 18 September, 2012 and the Report will be presented to the Communities Scrutiny Committee on 5<sup>th</sup> February, 2013

2.4 The Investigation has looked specifically at the “Sector Scheme”. The main features of that scheme are:-

- The property is in the ownership of the buyer
- A deposit of at least 5 % is required by the purchaser with the Council offering a guarantee for the remainder of the deposit up to 25%
- All applications are assessed for affordability and credit checks

2.5 The Council specifies the:

- Maximum level of the indemnity
- Maximum loan size
- Control of where the scheme is available is decided by the Council by setting the postcodes for the properties to be included in the scheme
- The Council is unable to set local connection covenants for purchasers
- It is a National UK wide Scheme
- 6 Authorities in Wales have joined the scheme
- Cyngor Gwynedd has signed up to look further into the scheme
- On average £108,000 is the sum of a mortgage application from first time buyers
- So far, over 95% of applicants who have bought a property through the scheme to date live or work within the Local Authority area
- At the end of September 2012 there had been no mortgage repossessions (April - October 2012)
- If £1m was put into the scheme, it could assist around 40 first time buyers
- The scheme is available through a limited number of banks / building societies

### 3. The Main Activity of the Investigation

3.1 The Investigation set itself a challenging work programme. These are the main elements of that programme:-

23 October, 2012	Setting the Context An initial analysis of the situation, the information available and an outline of the schemes to receive attention Planning Session to decide on:- <ul style="list-style-type: none"><li>• what further information the Investigation wishes to receive</li><li>• witnesses</li><li>• the questions to be asked to the witnesses</li><li>• the possible use of the Residents Panel for seeking local residents' views on the scheme and its risks</li></ul>
13 November 2012	Holding interviews with the following witnesses:- <ul style="list-style-type: none"><li>• The Cabinet Member</li><li>• Professional officers including the Corporate Directors leading on Housing and Resources</li></ul>
November 2012- January 2013	A period of research with local residents on the obstacles for first time buyers in accessing the housing market
4 December	Holding an interview with a Local Estate Agent

2012	
13 December 2012	Holding a meeting with Sector to question them on the benefits and risks of the scheme
14 January, 2013	<ul style="list-style-type: none"> <li>• Holding a video-conference meeting with officers from Powys and Ceredigion Councils who have already implemented the scheme to assess real experiences in those areas</li> <li>• Coming to an initial view on proposals to be tested with a Focus Group</li> </ul>
16 January, 2013	Session with a Focus Group from the Residents Panel to test the initial conclusions of the Investigation
22 January, 2013	Final Analysis <ul style="list-style-type: none"> <li>• To consider and summarise information and experiences</li> <li>• To agree the main recommendations for the report and the way forward</li> </ul>
5 February, 2013	Scrutiny Committee to consider a draft report and recommendations to be sent forward to the Executive

DS The notes of the individual meetings of the Scrutiny Investigation are available on request

#### **4 The Main Findings of the Investigation**

4.1 The Findings of the Investigation are:-

4.2 Findings from the interview with the Estate Agent (see the questions asked in Appendix 3)

- The housing market is weak
- There is a lack of confidence amongst first time buyers
- Stamp duty has increased the financial burden on first time buyers
- The Home Purchase Scheme is considered a success in Gwynedd
- There is a significant proportion of low cost housing now being bought by landlords in order to let rather than being bought by first time buyers

4.3 Findings from the interviews conducted with the Corporate Directors and Cabinet Member (see the questions asked in Appendix 3)

- The scheme would enable first time buyers to obtain a mortgage and create movement within the market
- There is potential for turnover of properties within the private and social rented sector
- There are risks associated with the scheme one being that the Council would have to pay the deposit if there was a repossession on a property

4.4 Findings from the Sector Presentation (see the questions asked in Appendix 3)

- There was no evidence to suggest that First Time Buyers defaulted on their payments i.e. leading to arrears / repossessions

- There is no evidence to suggest that people from outside the County are able to take advantage of the scheme
- The Sector company are looking to develop other products such as help for self build, renovating properties and shared ownership

#### 4.5 Findings from interviews with Officers in other Counties which have participated in the scheme (see the questions asked in Appendix 3)

- There is no evidence that people from outside of the County are able to take advantage of the scheme
- The Scheme is advertised locally within the County
- Both Counties has set their maximum loan value at £175,000 a £152,000
- So far, Powys had helped 28 mortgagees, all of whom were Powys residents, in a relative short period since launching the scheme whilst Ceredigion had launched in July 2012 had approved 2 and another 10 were currently being assessed
- The success of the scheme in Powys was also illustrated in the average age of those taking advantage of the scheme, 29 compared to the national average age for first time buyers of 35 to 38
- There could be a problem with post-codes crossing the boundaries of two counties that could not be part of the scheme. There are 658 properties in Gwynedd falling into this category and therefore that could not be included in the scheme

#### 4.6 Findings from the Focus Group (see the notes of the meeting in Appendix 4)

- It is nearly impossible in trying to save for a deposit as well as paying for living costs
- The perception that a mortgage would be less than their current rental payments
- The location of their prospective home is important as this could have an impact on travel costs
- Costs associated of buying a home, such as legal, surveying and mortgage fees
- Clear support for this scheme

#### 4.7 Findings from the questionnaires returned (fuller details in Appendix 2). 43 responses to the first time buyers questionnaire were received, but not all questionnaires were answered fully. We had several individuals complete the questionnaire in the First Time Buyers Fair which was held on January 22, 2013 in Porthmadog with 70-80 present on the night.

- 25 respondents were between 18-29 years old and 10 respondents were between 30-39 years old
- The two main reasons given for failing to get access to the housing market were the lack of the deposit, with 28 noting this reason and house prices being too high, with 18 noting this
- 12 noted that a terraced house was the type of property they would like to buy
- A 2 and 3 bedroom house was the most favoured property. 29 chose this option
- 16 of the respondents noted that they had less than £5,000 of savings

- 12 of the respondents noted that they could afford to buy a house between £90,000 - £110,000
- 31 were supportive of the scheme

#### 4.8 Main Findings

- It is estimated that approximately 40 first time buyers will be able to take advantage of this scheme
- If first time buyers are able to access the housing market this would enable the seller to move on thus promoting movement within the housing market, unless the first time buyer buys an empty home
- The scheme does not solve all the housing issues in Gwynedd
- Concerns were raised that this Scheme would replace assistance already offered by parents or grandparents of first time buyers. From the interviews it can be gathered that this is not the case
- Concerns were raised that the Council had no control of the scheme and that people from outside the area could take advantage of buying home in Gwynedd. Interviews show that this is not the case or at least that it is a very low risk

#### 4.9 Should the Council agree to implement the Scheme, the following would need to be addressed:

- As the Council is able to set the level of loan, consideration must be given to variances in house prices within Gwynedd, whilst some areas have high property prices other areas are more affordable
- The Wales Audit Office have stated the method for accounting the money that the Council invests in the scheme in the Council's accounts needs to be looked at
- The choice of bank / building society with whom the Council would be willing to partner, considering, amongst other things, their presence within the county
- The Council would be able to draw attention to the scheme and the bank / building society would be able to advertise the scheme within its branches
- The Council is able to restrict the scheme to certain post codes. All of those interviewed all agreed that it should be a county wide Scheme

### **5 The Main Recommendations and opportunities to improve**

#### 5.1 The Scrutiny Investigation is recommending to the Cabinet Member with responsibility for Housing that:-

- ##### 5.1.1 To implement the scheme with the commitment to considering investing £1 million in the scheme and to
- set a financial maximum for the value of the house and the loan by looking at the variation in house prices across the county so that it could be operated throughout the entire county
  - choose a Bank / Building Society to partner in the scheme that can offer a local presence to ensure that local people can have easy access to the scheme
  - make every effort, within the rules, to ensure attention to the scheme within the county to raise awareness about it amongst local residents

- 5.1.2 Since the Sector Scheme could address the needs of a number within a specific group, consideration should be given to developing schemes that address the other groups facing different needs, such as:-
- Those interested in self-build
  - Those interested in shared ownership schemes
  - Those wanting a new build property who are facing difficulties because of the requirements of section 106 agreements.

The Questionnaire used to seek views on obstacles to the housing market

**MORTGAGE QUESTIONNAIRE**

**FIRST TIME BUYERS**



A Scrutiny Investigation is being carried out by the Communities Scrutiny Committee on a scheme that assists first time buyers with a deposit for a mortgage. We are eager to find out more about this group of people to better understand their needs and identify what barriers face first time buyers in Gwynedd today.

If you are a first time buyer and live in Gwynedd we would be grateful if you could take a few minutes to complete this survey and submit your response by

**Friday 23<sup>rd</sup> November 2012.**

For more information regarding the survey or for assistance in completing the survey contact the Strategic Housing Unit, Strategic and Improvement Department, Gwynedd Council by phoning (01286) 679304 or e mailing [HousingStrategicUnit@gwynedd.gov.uk](mailto:HousingStrategicUnit@gwynedd.gov.uk)

You can send your response by e-mail or by post:

E-mail it back to: [HousingStrategicUnit@gwynedd.gov.uk](mailto:HousingStrategicUnit@gwynedd.gov.uk)

Post it back to: Housing Strategic Unit  
Strategic and Improvement Department  
Mona Building  
Gwynedd Council  
Shirehall Street  
Caernarfon  
Gwynedd  
LL55 1SH

**Want to buy a home in Gwynedd but can't afford one? Go to:**  
[www.taiteg.org.uk](http://www.taiteg.org.uk)

**1. Are you a:**

*Choose only one response*

Single person

Couple

Family (one or two adults with children)

Other (specify below)

**2. How old are you?**

*Choose only one response*

Under 18

18 - 29

30 - 39

40 - 49

50+

**3. What is your current situation?**

*Choose only one response*

Live at home/ with family

Rent privately

Rent from social landlord

Other (specify below)

**4. What is your post code?**

**5. In which area would you like to buy?**

*Choose only one response*

Arfon

Dwyfor

Meirionnydd

Outside Gwynedd

**6. What is preventing you from buying a house?**

*Select all relevant responses*

I have the deposit but I am not able to get a mortgage

I don't have a deposit

House prices are too high

The type of property is not available

Not sure what the process is

Uncertainty in employment

Debt

Other (specify below)

**7. What type of property would you like to buy?**

*Choose only one response*

- Detached
- Semi detached

- Terraced
- Flat

**8. What size property would you like to buy?**

*Choose only one response*

- 1 bedroom
- 2 bedroom

- 3 bedroom
- 4+ bedroom

**9. A property of what price would you be able to afford to buy?**

*Choose only one response*

- Up to £70,000
- £70,001 - £90,000
- £90,001 - £110,000

- £111,001 - £130,000
- £130,001 - £150,000
- £150,001+

**10. Do you have any savings/ funds that you could use to buy your own property?**

*Choose only one response*

- No savings/ funds
- Less than £5,000
- £5,000 - £10,000

- £10,001 - £20,000
- £20,001 - £30,000
- £30,001+

**11. Would you be interested in a scheme that would assist first time buyers to be able to buy a property in Gwynedd?**

*Choose only one response*

- I would
- I would not

**12. Do you have any further comments as a first time buyer in Gwynedd?**

**Thank you for your time in completing this questionnaire.  
We value your opinion.**

DRAFT

## An analysis of the results of the Questionnaire

1. Are you a:		Single person	Family (one or two adults with children)	Couple	Other (specify below)			
Response		16	3	16	1 (Single mother)			
2. How old are you?		Under 18	18 - 29	30 - 39	40 - 49	50+		
Response		0	25	10	0	1		
3. What is your current situation?		Live at home/ with family	Rent privately	Rent from social landlord	Other (specify below)			
Response		14	17	2	1 (University)			
4. What is your post code? (In which area)		Arfon	Dwyfor	Meirionnydd				
Response		15	13	4				
5. In which area would you like to buy?		Arfon	Dwyfor	Meirionnydd	Outside Gwynedd			
Response		13	12	5	1			
6. What is preventing you from buying a house?		I have the deposit but I am not able to get a mortgage	I don't have a deposit	House prices are to high	Not sure what the process is	Uncertainty in employment	Debt	Other (specify below)
Response		1	28	18	6	6	1	1
7. What type of property would you like to buy?		Detached	Semi detached	Terrace	Flat			
Response		9	6	12	0			

8. A size property would you like to buy?		1 bedroom	2 bedroom	3 bedroom	4+ bedroom		
Response		0	14	15	0		
9. A property of what price would you be able to afford to buy?		Up to £70,000	£70,001 - £90,000	£90,001 - £110,000	£111,001 - £130,000	£130,001 - £150,000	£150,001+
Response		3	7	12	1	1	
10. Do you have any savings/ funds that you could use to buy your own property?		No savings/funds	Less than £5,000	£5,000 - £10,000	£10,001 - £20,000	£20,001 - £30,000	£30,001+
Response		5	16	5	5	1	
11. Would you be interested in a scheme that would assist first time buyers to be able to buy a property in Gwynedd?		I would	I would not				
Response		31	1				

## Further Comments

- You have left out questions relating to people with disabilities
- I had hoped to be able to apply through the Council's latest scheme - the deposit scheme for first time buyers to purchase a vacant property. But after carrying out some research (asking banks, estate agents and a financial expert) it was not such a good scheme.
- Private landlords needs registering. We pay £550 for a cold (3hrs of central heating on max & temp is still only 13c in living room!) damp (kitchen is full of damp in cupboards & walls - bedroom too!) ridden property & can't afford to get out.
- House prices are too high and wages too low. No help is available for single people.
- I have been on Tai Teg's website and completed a first time buyers form but I have not received a response
- I am a professional person and work in Dwyfor as a homecare manager. I am currently renting privately and failing to save because of the high costs of rent and also energy costs are high. I would like to have the opportunity to have a home of my own.
- I would like to see that there is some kind of financial assistance given to first time buyers through some sort of scheme that provide a contribution towards the house e.g. 30% from the Council and 70% from the buyer, with the option of purchasing the Council out in time.

## **A copy of the questions raised at meetings with the various witnesses**

**Meeting 1** – The Cabinet Member and professional officers including the Corporate Directors leading on Housing and Resources

### **A. Interview with Councillor John Wyn Williams, (Cabinet Member) and Dafydd Lewis, (Corporate Director) answering together**

1. From your understanding of the Scheme, what do you see as the main advantages and risks?
2. What difference would such a scheme make to movement within the local housing market?
3. What is your opinion of the risk of people outside the county taking advantage of a scheme that Gwynedd public money will be supporting?
4. Are there any arguments in favour of limiting it to some code-code areas within the county or should it be available throughout the whole of the county?
5. If the Council was to establish such a scheme for first time buyers, what maximum amount should be set / what other possible restrictions should be discussed with Sector?
6. What questions do you think should we ask Sector when the Inquiry interviews them?
7. What other initiatives or ideas need attention in order to help first time buyers?

### **B. Interview with Dilwyn Williams, (Corporate Director)**

1. From your understanding of the scheme, can you see that it would be possible to use resources that the Council holds in reserve to fund the underwriting that arises from it?
2. What would be the financial risks and opportunities arising from doing so?
3. What would you see as the process to be followed to ensure that it is possible to earmark such moneys?
4. Are there any other options in terms of funding such a scheme?
5. What questions do you think should we ask Sector when the Inquiry interviews them?

## **Meeting 2** – An interview with a Local Estate Agents

1. What do you see as the main obstacles for first-time buyers gaining access to the market?
2. In your opinion, do parents contribute in funding deposits for first time buyers in many cases?
3. Has the stamp duty placed additional pressures on first time buyers?
4. Is there a danger that we are looking at a scheme that is addressing the needs and wishes of a comparatively small proportion of those seeking a house and that this proportion is likely to reduce further because of market pressures that we cannot influence?
5. One of the principles of the Sector scheme is to promote movement within the market by bringing first time buyers into the market and that this would stimulate movement within the market. Is there enough confidence in the market to ensure that this will happen or is there a risk that all we will achieve is that the prices for first time buyers will increase?
6. Are there any arguments in favour of limiting it to some post-code areas within the county or should it be available throughout the whole of the county?
7. If the Council was to establish such a scheme for first time buyers, what maximum amount should be set for house prices / what other possible restrictions should be discussed with Sector?
8. What questions do you think should we ask Sector when the Inquiry interviews them?
9. What other initiatives or ideas need attention in order to help first time buyers?

## **Meeting 3** – A meeting with Sector to question them on the benefits and risks of the scheme

### Access to the Scheme

1. What is the scheme's definition of a first time buyer?
2. Is it possible to include "self-build" schemes for first time buyers as part of the scheme?
3. Why is it not possible to limit the availability of the scheme to local people only?
4. What is our definition of affordability for the purposes of the scheme?
5. How would any such scheme be marketed?

### The Mortgage Decision

6. Does the scheme not take us back to the time when over-risky 95% mortgages were being awarded (with the consequent problems)?
7. What would be the process for deciding on applications and what assurances can be given that the bank's processes would be less robust because there is an element of comfort in the underwriting of the deposit by the Council?
8. When would the individual decision be made, before or after securing the property?

### The Effect of the Scheme

9. What information would the Council receive about the success of the scheme?
10. Is there a danger that the scheme will simply take the place of provision made at the moment by parents, who can afford to do so, to help with the deposit?
11. What sort of upper limits on house prices have been set by other councils?
12. Accepting that this is affected by the local decision on the maximum and the scale of the Council's underwriting of the risk, can you provide some sort of idea of the numbers that we could help?
13. With regard to "defaults", what is the evidence on "default rates" where the scheme is operational at the moment, particularly in rural areas where there is a significant dependence on public sector employment at a time of significant pressures to cut?
14. Is the scheme able to address needs in different areas eg areas where house prices are significantly higher because of second homes?
15. What is the evidence from area where the scheme is currently operational with regard to the scheme promoting wider movement within the housing market?

### The Operational Arrangements

16. Explain further the options in terms of the financial arrangements by the Council, a transfer or underwriting?
17. What would be the financial advantages to the Council in taking one option of the other?
18. What are the limitations in terms of the relationship with a specific lender . That is, at what point would an individual be free to consider moving to another lender?

**Meeting 4** – A video-conference meeting with officers from Powys and Ceredigion Councils who have already implemented the scheme to assess real experiences in those areas

1. What were the main reasons for the Local Authority in joining the Sector scheme?
2. Do you feel it has met its objectives of enabling people to access first time homes?
3. Has there been much interest from first time buyers in the scheme?
4. Do you feel the scheme has replaced the role parents or grandparents have in helping first time buyers with the deposit?
5. Do you feel the scheme has made a difference, even though it might be a small number which have been helped?
6. In your opinion, has it simulated the housing market within the area?
7. Was having a scheme which did not require a local connection with the County an issue?
8. Have you noticed an adverse effect of not being able to include a local connection?
9. What level have you set the maximum threshold that people are able to borrow?
10. Have there been any issues with the financial side from the Local Authority's perspective?
11. Of the both options given, cash back and non cash back, have there been any issues with these options given by the mortgage providers?
12. What lessons have you learnt along the way?
13. What advice could you offer us?
14. What other schemes / initiatives have you considered?

## **A note of the meeting of the Focus Group with residents**

### **AGENDA**

- ❖ Welcome and introduce objectives
  
- ❖ The nature of the problem – ideas, presentation and discussion
  
- ❖ The “Sector Scheme” – presentation, discussion and views
  
- ❖ Other matters and wrap-up

### **OBJECTIVES**

- ❖ Identify issues that prevent first time buyers from gaining access to the housing market
  
- ❖ Seek a response to a specific proposal – “The Sector Scheme”

## THE NATURE OF THE PROBLEM

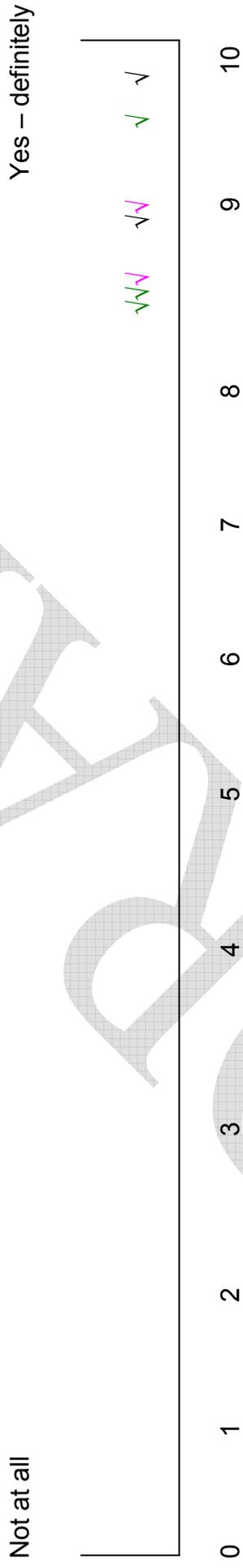
- ❖ “The Deposit”
  - Balance between “living life” and saving up for a deposit – balance difficult
  - Paying rents / bills
  - Low Income
  - Living home the only way to save
  - Research undertaken into the level of deposits – too high
  
- ❖ House Prices
  - Rent the same / higher than a mortgage
  - Assistance from parents a big help
  - Not much choice of houses in good condition that we can afford
  - Some would consider a house requiring work if it were cheaper
  - Difference in what you get for your money between different areas eg Caernarfon / Y Groeslon / Porthmadog / Blaenau Ffestiniog BUT travelling expenses
  - Additional fees on top of the deposit, surveys legal, mortgage fees, “stamp duty” - £2 - £3k on top of the deposit (more than anticipated)
  - Single person cannot go after the better mortgages
  
- ❖ Best Deals
  - Big deposit – lower interest rates – frees survey – couldn’t go after that package because a single person (one income)
  - Credit rating (no credit card history / living in a rented house – no fixed address)
  
- ❖ Problem with “buy to let”
  - Landlords buying the cheaper houses eg £85k, doing them up and then renting out
  - Number of examples in Caernarfon
  - Part of the first time buyer problem

## **THE SECTOR SCHEME – ADVANTAGES + DISADVANTAGES**

- ❖ Helps a few people for a lot of money (£1m) – Is it worth it? Are there other ways of using the money to help people
- ❖ Boost to the housing market (and the banks)
- ❖ Example from Powys – 28 people £700,000 – no-one has defaulted on payments
- ❖ Creating living communities
- ❖ Risk that people from outside of the county could take advantage
  - Saw 5% risk as acceptable
  - Nature of first time buyers – need to stay locally – job security etc
  - Difficult to assess, only information on postcodes on in/out of county
  - Some limitations on advertising the scheme
  - Believe it is a good idea – would help people
- ❖ Believe the scheme should be county-wide – not some postcodes only

**THE SECTOR SCHEME**

Should the Council join the scheme?



**OTHER MATTERS**

- ❖ More opportunities to return social housing / “Council Houses” at a lower rent in order to save
- ❖ The cost of surveys – Is there expertise within the Council - could the Council provide this service free or at low cost for first time buyers?
- ❖ Sometimes there are problems with the quality of private surveys

DRAFT