

Week end Box



DEPARTMENT OF THE ENVIRONMENT

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MINISTER FOR HOUSING AND CONSTRUCTION

15 October 1980

Mike Pattison Esq
Private Secretary
No 10 Downing Street
London SW1

Prime Minister

Information from Mr Stanley
on developments in
his field.

MPD 16/X
md

Dear Mike,

Mr Stanley has produced a new form of shared ownership scheme called "shared ownership at minimum cost" which he has announced today. He thought the Prime Minister might like to know the outline of this scheme and I am therefore enclosing the relevant extract from his speech.

The Minister thought the Prime Minister might also be interested in the details of the starter home mentioned costing £22 a week (net of tax relief) to buy. It is one up and one down and is called the Mayfair! I enclose a brochure.

Yours sincerely,

R U Y

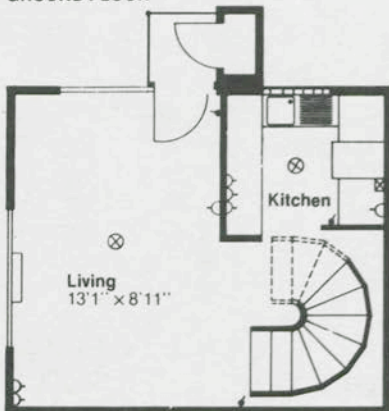
R U YOUNG
Private Secretary

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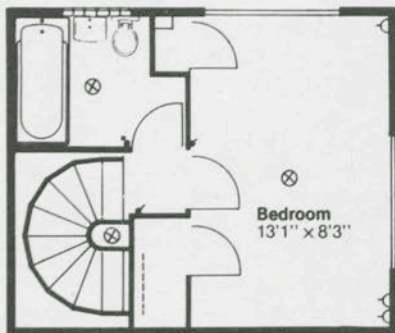
Mayfair

1 bedroom home

GROUND FLOOR



FIRST FLOOR



Barratt

Building houses to make homes in
683 Chester Rd., Manchester, M16 0QS. Tel. 061-872 6004.

General Specifications

Brickwork

External walls of cavity construction with facing bricks.

Roof

Concrete tiles. Loft space insulated in Fibreglass or other suitable insulation to Building Regulations.

Ground Floor

Mastic Asphalt on concrete slab.

First Floor

T&G Boarding or sheet chipboard on timber joists.

Doors

Flush internal doors, part glazed external doors.

Windows

Standard timber, glazed in clear glass except bathroom and WC which are obscure glass.

Plastering

Wall dry lined with plasterboard and skim. Ceilings to be plasterboard and skim or Artex decorative finish.

Bathroom

Panelled bath, pedestal wash basin, low level WC.

Kitchen

High quality kitchen units with stainless steel sink top.

Plumbing

Domestic hot water from a cylinder fitted with a 3 KW electric immersion heater PVC gutters and rainwater pipes.

Gas or Electric Fires

Where applicable, a gas or electric fire will be supplied, or an allowance of £20 will be credited on completion.

Gas Points

In lounge and kitchen.

Central Heating

See price list for details.

Electrical

13 amp socket outlets in all rooms except for bathroom, in accordance with NHBC requirements. Cooker control in kitchen, immersion heater, TV point in lounge with cable to loft ready for purchaser's aerial to be fitted. Light points provided to all rooms: two way switch to staircase.

Decorations

Internal walls and ceiling in emulsion paint. Woodwork in white gloss.

General

Front garden only turfed, flagged drive to house front, and flagged path to front and rear doors.

Side and rear boundary fence of timber posts and two rails, except where indicated otherwise on site layout plan.

Front boundary line of concrete edgings in open plan manner. No fencing or divisions beyond front building line.

Other features as specified on price list.

All work to comply with Building Regulations and Local Authority requirements, and property is built to the standards of the National House Building Council and will carry their ten year protection.

All dimensions quoted here are approximate only, and whilst the illustrations and all the information on this leaflet are believed to be correct, it is issued for the guidance of purchasers only and does not constitute or form any part of any contract or agreement



Barratt

Building houses to make homes in

683 Chester Rd. Manchester M16 0QS Tel: 061-872 6004

EXTRACT FROM

SPEECH BY JOHN STANLEY MP

MINISTER FOR HOUSING AND CONSTRUCTION

TO THE

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY

15 OCTOBER 1980

Shared ownership at minimum cost

● Finally, I want to put forward today a new form of shared ownership scheme which I believe will be of particular value to local authorities and new towns wanting to achieve the maximum number of shared ownership homes at the minimum public expenditure cost. It is in effect a scheme whereby authorities can obtain low-cost shared ownership homes, off the shelf as it were, from house builders.

Various components of this scheme have been used, and used successfully, before but I am not aware of any authority which has used shared ownership in the way I am now going to suggest. If there is any such authority, may I apologise to it in advance for not giving it the credit for pioneering what I am now going to propose.

The number of shared ownership dwellings sold by local authorities to date is about 2,000; a useful start, but no more than a start.

One of the main reasons that there have not been more schemes is that authorities have tended to carry them out on their own land (which is often scarce), have tended to build to Parker Morris or near Parker Morris standards (which makes the houses relatively expensive to purchase), and have tended to finance the construction themselves and to provide the mortgages (which means that the authority's HIP has to bear the full cost of the scheme).

Shared ownership off the shelf is designed to remove all these impediments whilst at the same time giving the house-builders a sensible commercial and contractual basis for going into partnership with individual authorities on these schemes.

It is designed to avoid the local authority having to provide land, though it can of course do so if it wishes.

It is designed to enable the authority to make the minimum possible call on its HIP for the shortest possible length of time.

It is designed to give the local authority the ability to decide to whom the shared ownership houses or flats should first be offered for purchase.

And it is designed to enable the local authority and the developer to agree how far the specification, and thus the sale price of the dwellings, should be kept down.

Shared ownership off the shelf would work as follows.

The local authority would contract to purchase itself a given number of starter homes from a house-builder undertaking the development on his own land if the houses were not sold either to outright owners or to shared owners within a specified time after they were completed.

The house-builder would therefore have, if need be, a guaranteed sale of the houses to the local authority.

In return he would be required to agree the specification of the homes and their sale price, to finance the development himself and to ensure a line of building society mortgage finance for the purchasers.

The nomination of the purchasers, and the proportion of the homes sold for outright ownership and for shared ownership would be matters for the authority.

Where a house was sold outright it could be conveyed directly by the builder to the purchaser.

Where a house was sold for shared ownership, it would need to be conveyed first from the developer to the authority and then, perhaps simultaneously, from the authority to the shared owner using the normal form of shared ownership lease.

Such a scheme has I am quite sure immense possibilities.

It provides the necessary incentive for builders to commit significant working capital and land resources to starter home shared ownership schemes.

It reduces the authority's call on its HIP to the absolute minimum, namely to just the purchase of the equity shares not acquired by the shared owner, and it delays that call until the point at which the dwelling is sold. The authority should always be able to avoid its contingent obligation to buy in any unsold dwellings both because it can arrange sales whilst the construction work is proceeding or even before it starts and because it can also retain the option of selling the houses outright as well as on a shared ownership basis.

It enables the authority to give preference to whatever groups of first-time buyers it wishes in the light of the housing needs of its area.

And it enables the authority both to count for housing subsidy its expenditure on the equity shares it retains in the homes, and also to count as a capital receipt for HIP purposes the equity shares purchased by the shared owner with a building society mortgage.

How far down the income scale could people take advantage of this form of shared ownership at minimum cost?

Let me simply say that the lowest cost newly built starter home that I have seen so far in England this year was one in Lancashire. With the aid of an initial mortgage subsidy being provided by the builder, that home could be bought with a 95% mortgage costing the home-owner just under £22 a week net of tax relief.

That of course was for a purchase outright. A purchase of the same starter home on a shared ownership basis would mean the out-goings would be even less - in other words it would be in reach of almost any first-time buyer.

There are frequent calls for the adoption of bi-partisan policies on housing. Shared ownership is I am glad to say a policy that was supported by the last Government as well as this. Share ownership schemes have already been successfully carried out by both Conservative and Labour Councils.

The constraints on shared ownership schemes need no longer be legal or technical. They need not even be financial - particularly if authorities adopt the off the shelf version I have outlined. I feel quite sure in my own mind that if there were at this moment several thousand additional starter homes completed, and available for sale right now by the shared ownership method, there would be no difficulty at all in selling them by Christmas.

For that reason I would ask every local authority, every New Town and the housebuilding industry to bend their skills and enterprise to the kind of combined shared ownership and starter home scheme I have described. It synchronises the needs of the authority, the house-builder and the would-be home-owner alike.

● And it will I am in no doubt enable a great many more people to cross the gap between renting and full home ownership for whom otherwise it will simply not be possible.

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21 October 1980

Thank you for your letter of 15 October with information on a new form of shared ownership scheme, and on the "Mayfair" home.

The Prime Minister has noted these developments with interest.

M A PATTISON

Robin Young, Esq.,
Office of the Minister for Housing
and Construction,
Department of the Environment

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