

Marketing and Sales Policy

Responsible Director: Director of Development and Assets

Responsible Officer: Head of Sales

Last review: August 2019

Next review: August 2022

1. Purpose

- 1.1 The purpose of this Policy is to ensure NCHA develops the right homes for sale at the right price and in the right location to meet our customers' needs.
- 1.2 To meet business plan targets for income by marketing properties for sale effectively.

2. Background/ Context

- 2.1 It is essential that the Association, through its Board and Executive are aware of the marketing and sales policy for properties developed for shared ownership sale. The knowledge and effective management of the marketing and sales process will improve NCHA's ability to sell properties promptly.
- 2.2 The Development Programme for 2019 – 2024 includes 40% new build properties for sale, including shared ownership.

3. Glossary

- 3.1 **The Consumer Code:** Non-mandatory good practice guidance for home builders. The Home Warranty Bodies require all their registered builders to adopt and comply with the code.
- 3.2 **Shared Ownership:** A government initiative aimed at helping people in housing need who are unable to afford to purchase a property on the open market.
- 3.3 **Help to Buy Agent:** Help to Buy Agents are housing associations appointed by Homes England to process applications for shared ownership and Help to Buy Equity Loans and carry out headline marketing for the governments affordable home ownership products.

4. Market Appraisal

4.1 The marketing begins at the feasibility stage of the development. The Development Team will ask the Sales Team to prepare a Market Appraisal Report taking account the following factors when assessing a site's suitability for sales:

- Market conditions
- The location
- The proposed development
- Specification
- New build market in the locality
- Target market
- Marketing advice
- Recommended prices

4.2 The Market Appraisal Report will be submitted to NCHA Board for approval alongside the development appraisal signed by the Sales Team.

5. Marketing

5.1 The Sales Team will prepare a marketing plan for each development. The plan will include a timeline with the aim of marketing properties a minimum of 6 months before the forecast practical completion date. The Development Team will provide the following information before the marketing date:

- A full set of working drawings including floor plans, elevations and a site plan.
- Predicted Energy Assessment for each plot (PEAs)
- CGIs for each house type
- Information about nomination agreements with the local authority
- A detailed specification
- Conveyancing documents as per the Required Document List
- If the site is in a Protected Area, confirmation on whether it can or cannot be waived

6. Valuation and Rents

6.1 The sales price will be based on a valuation from a Royal Institute of Chartered Surveyors (RICS) qualified independent valuer. If the property is not sold within 6 months of the original valuation an update will be required from the RICS valuer. The Association cannot sell above or below the RICS valuation without approval from Homes England.

6.2 The shared ownership rent will be set at 2.75% of the unsold equity, unless a different figure is advised by the Development Project Manager.

7. Panel of Lenders

7.1 The Sales Team will maintain a panel of Independent Financial Advisers and Lenders who will advise prospective Customers about the available mortgage products. The Association's role is restricted to signposting Customers towards

IFAs; on no account will NCHA give, or appear to give financial advice, as this is unlawful under the Financial Services legislation.

7.2 Customers are not restricted to mortgage advice from advisers linked to an estate agent handling sales, or an IFA from the Association's panel.

8. Show Homes

8.1 The Sales Team will agree at appraisal stage whether a show home will be required, typically on a development with 14 or more homes for sale. The building contractor may be required within the contract to complete a show home at least three months before the first sale homes are practically complete.

8.2 The Sales Team will create a brief for the show home, according to the target market and appoint a suitable show home provider.

9. Local Authority Nominations

9.1 Where a nomination requirement exists with the Local Authority contact should be established with the Officer within the local authority housing department who will deal with nominations prior to marketing.

9.2 The Council will be asked to provide a list of potential customers who have been "filtered" from their housing waiting list to enable suitable customers to be targeted. Sales particulars should be sent to each customer by the Council with a covering letter and a closing date for applications.

10. Sales Information Pack

10.1 Prior to marketing The Sales Team will put together a sales information pack for Customers containing:

- Property brochure including floor plans and specification
- Site plan/Conveyance plan
- Shared Ownership Guide
- Help to Buy Midlands contact details
- Estimated service charge breakdown
- List of lenders who offer shared ownership mortgages
- An explanation of the home warranty cover
- Explanation of fees
- Local connection criteria if applicable
- NCHA Sales contact details
- Key Information about the Shared Ownership Lease

11. Advertising

11.1 The marketing plan will outline advertising methods on a scheme by scheme basis, including but not limited to the following:

- Site Board/flags/hoarding
- Brochure
- Details on NCHA's corporate website

- Details on Homebuy Agent's website if grant funded
- Details on property portals
- Promotional event
- Social Media
- For sale boards or door banner for stock plots
- Local press advertising

12. Applications

- 12.1 Shared Ownership customers are subject to eligibility and affordability requirements. Customers are able to buy an initial share of between 25% and 75% of the property appropriate to their individual circumstances. NCHA Board approval is for a minimum average share of 35% across all sales.
- 12.2 Customers will be directed to the Help to Buy Agent to make an application. Following initial eligibility assessments by the Help to Buy Agent, The Sales Negotiator will carry out an assessment of individual Customers to ensure that they meet all eligibility criteria. All applications for grant-funded shared ownership properties must be approved by the Homebuy Agent before an offer can be made.

13. Criteria

- 13.1 Customers for shared ownership must have a household income of less than £80,000 per year and must not already own or part own a property. Customers should not be able to purchase a home to suit their needs on the open market.
- 13.2 Priority will be given to MOD personnel and Customers who meet a local connection requirements set by the Local Authority. Ministry of Defence personnel will be prioritized for shared ownership schemes where they have completed their basic (phase 1) training and they are one of the following:
- Regular service personnel (including Navy, Army and Air Force)
 - Clinical staff (with the exception of doctors and dentists)
 - Ministry of Defence Police Officers
 - Uniformed staff in the Defence Fire Service
 - They are ex-regular service personnel who have served in the Armed Forces for a minimum of six years, and can produce a Discharge Certificate (or similar documentation) as proof, where they apply within two years (24 months) of the date of discharge from service or
 - they are the surviving partners of regular service personnel who have died in service, where they apply within two years (24 months) of the date of being bereaved.
- 13.3 If a customer already owns a property NCHA may choose to make a conditional offer subject to the Customer's being already approved by the Homebuy Agent and having a sale agreed on their property. Customers will not be able to complete the sale while still owning another property. If exceptional circumstances mean they cannot sell their current property, permission to complete the sale must be sought from Homes England, with support from the Local Authority.

- 13.4 Customers subject to immigration control will be assessed using the same criteria as other customers and in line with guidance in the Capital Funding Guide.
- 13.5 Customers will normally obtain a mortgage to help fund the initial share they buy. In order to ensure customers do not overburden themselves financially, the Association would not normally accept customers whose borrowing requirements are above 4.5 times their household income.
- 13.6 Customers will be encouraged to buy the maximum initial percentage share they can afford and sustain, based on Homes England model sustainability calculator. A copy of the calculator will be attached to each application form. An application assessment form will be used to record reasons why customers purchased a share that is different to the calculator. The form should be signed by the Sales Negotiator and either the Senior Sales Negotiator or the Head of Sales.
- 13.7 Applications will be processed on a first come, first served basis. If demand is expected to be higher than the number of properties available, or there is a local connection requirement a closing date for applications will be set. Within a week of the closing date a selection panel, comprising the Sales Negotiator and either the Senior Sales Negotiator or the Head of Sales, will shortlist and prioritise all the customers who meet the Association's criteria. When prioritizing customers the panel will take into account:
- Whether a customer meets the MOD personnel criteria
 - Whether a customer meets a local connection requirement
 - Housing need
 - Date application received
- 13.8 A written record will be kept of the selection panel's decisions. The successful customers will be matched as far as possible with their preferred property type or preferred plots.

14. Incentives

- 14.1 There is no scope for customers to negotiate a reduction on prices on shared ownership. The Sales Negotiator can use their discretion to offer incentives in some circumstances, for example on hard to sell stock plots, early reservation offers or last plots.
- 14.2 When an incentive is agreed the details will be recorded on the status report, reservation form and on the memorandum of sale. When the incentive is a cash equivalent this must be declared on the CML form.

15. Money Laundering

- 15.1 Customers will be required to provide proof of funds for deposit in a UK bank account, identification documents and proof of address. The Sales Negotiator is responsible for checking and verifying identification documents in person before instructing solicitors. A record of the document check will be noted on

the application assessment form. Any suspicions raised with regards to Money Laundering must be reported to the Money Laundering Reporting Officer in accordance with NCHA's Money Laundering Policy.

16. Processing Sales

- 16.1 As far as possible sales will be agreed off-plan. Viewings will be arranged with the consent of the site manager. All customers must view the plot they are purchasing before completion takes place.
- 16.2 Customers will be asked to provide a mortgage offer in principal before reserving a home.
- 16.3 The Sales Negotiator will complete a reservation agreement with the customer and take a reservation fee payment. A copy of the reservation agreement will be given to the customer.
- 16.4 When a customer does not appoint a solicitor, or does not respond to correspondence within agreed timescales the Sales Team will re-market the property and retain up to 50% of the reservation fee for reasonable costs.
- 16.5 On sales completion, the Sales Negotiator will meet the customer at their new home and provide:
 - Builders pack including all warranties and instructions
 - New Homes Warranty
 - EPC
 - Leaseholder Handbook
- 16.6 Feedback from customers will be gathered and reviewed quarterly at Team Meetings and reported as a KPI at the Property Leadership Team Meetings

17. Stock Plots

- 17.1 Sales are monitored at weekly sales meetings. If demand is low for a development, additional incentives will be offered. If at 3 months after practical completion, where a development has been marketed for over 6 months, and over 50% of the properties are unreserved the Head of Sales will review options with the Head of Development. This may include:
 - Switching to Rent to Buy
 - Switching to Affordable Rent
 - Continuing to market
- 17.2 If the decision is made to switch the Head of Development will make a business case to Homes England including the following:
 - How long the property has been marketed for
 - What actions have been taken to find a suitable purchaser
 - Why these have not been successful
 - What local authority support exists for the proposed new tenure

- Evidence from the relevant local Help to Buy agent that the provider has made all reasonable attempts to market and sell the properties

18. Sales Performance Monitoring

18.1 A number of reports and KPIs are used to monitor and report on sales within NCHA Group:

Name of Report/KPI	Produced by	Who is it sent to?	Due
End of Month	Head of Sales	Summary page to Board, forecast pages used by Finance	1 st working day of month
Budget V Actuals	Finance	ET and Board	15 th of month with man acct recon updated about 20 th
Sales Trends NCHA and Pelham Homes	Head of Sales	NCHA and Pelham Homes Boards	End of Quarter
Bi-annual state of the market	Head of Sales	NCHA Board	March and September
Property Leadership Team KPIs	Head of Sales	Reviewed at PLT meetings.	Monthly
Senior Leadership Team KPIs	Head of Development	Reviewed at SLT meetings	Monthly

18.2 Sales are reported externally on the Homes England Quarterly Survey and CORE log.

19. Risk Mapping and risk appetite

19.1 Inability to meet business plan income targets from all sales is risk number 2 on the NCHA Strategic Risk Map.

19.2 NCHA have a risk appetite of 'Cautious' in relation to sales activity.

20. References

- 20.1 NCHA Group Corporate Strategy
- 20.2 NCHA Strategic Risk Map
- 20.3 Property Strategy
- 20.4 Pelham Homes Corporate Plan
- 20.5 Homes England Capital Funding Guide
- 20.6 Money Laundering Policy