

19<sup>th</sup> May 2023

Dear Sebastian,

Thank you for your email regarding Mr Donovan Hanney, a late resident at our Chapters site in Salisbury.

I am grateful that this matter has been brought to my attention. As Founder and Chief Executive of Affordable Healthcare and Housing Group, I care very deeply about our customers, their families and the support we offer to them. I founded this company on the principle that everyone deserves high quality affordable homes in later life, within communities in which they are able to thrive. That commitment drives me to this day.

Let me state right away that we are committed to doing what is right to support Mr Hanney's family. I can update you that I have today personally written to the family of Mr Hanney - his daughters Amy Kate Davis and Sally-Ann Louise Hanney - to set out the new and additional support that Platinum Skies is offering them as a goodwill gesture, to reflect the exceptional circumstances surrounding the passing of Mr Hanney and the unprecedented Covid-19 pandemic.

I write to you to make you aware of these developments, to provide important background information about the situation, and to answer the key questions you have raised. I would hope that once you have read this letter you will agree that any concerns from you or the family that Platinum Skies may have acted improperly or unlawfully in relation to the sale of Mr Hanney's property are unwarranted, and that it would be unreasonable in the circumstances for an article to be published on your website, or by the Daily Mail, which contains any untrue and harmful allegations of this nature.

## **Background**

As you know, Mr Hanney sadly passed away very shortly after he moved into his flat at Chapters, in April 2020. The property was subsequently sold in March 2023, completing on 5 May 2023. The time that elapsed between Mr Hanney's passing and the sale of the property meant that a number of legal and legitimate charges were incurred against his property. Having carefully reviewed the matter, I can confirm that the correct procedures were followed by my colleagues in the Platinum Skies sales team in calculating those costs. This is in line with the agreed contractual terms and governed by the prevailing regulations for shared ownership properties that are set out by Homes England and other relevant authorities.

The unfortunate timing of Mr Hanney's death - which coincided so closely with the introduction of Covid-19 lockdown restrictions and the ensuing disruption to the property market and UK economy overall - had a profound effect on his family's ability to sell the property quickly.

In recognition of this, we offered a range of support throughout this period. This included covering the cost of furnishing, cleaning and maintaining the property to make it attractive to prospective buyers, contributing a two-year service charge voucher worth £6,700 as a further incentive for potential buyers, and waiving the estate agency fee of £4,200 (+ VAT of £820). We also instructed our sales team to show Mr Hanney's property to all prospective buyers, regardless of which property they had expressed interest in. These are not the actions and gestures of an organisation which is incentivised to string out a sales process or actively discouraging resales, as is now being wrongly suggested.

It is important to note that we established our Platinum Skies resales team and service in September 2021, precisely because we recognised the need for re-sale properties to receive the same professional standard of marketing, sales and qualification support as new sale properties received, rather than relying on families to sell the property themselves. Platinum Skies took responsibility for the sale of Mr Hanney's property at the start of 2022 and we found a buyer inside 11 months - a very quick turnaround.

We understand that this has been an extremely difficult time for Mr Hanney's family and the fact that we have provided them with support and financial assistance above and beyond our contractual obligations reflects and demonstrates our commitment to our residents and their loved ones.

## **New and additional support**

Although I am clear that the sales team at Platinum Skies acted in line with the terms of Mr Hanney's contract and the correct policies and regulations, Mr Hanney's unique case has now been brought to my attention. After carefully reviewing matters, I have concluded that Mr Hanney's case is truly exceptional, owing to the sadly very short time he spent at Chapters, and the unfortunate timing of his passing coinciding with the unprecedented lockdown and market disruption as I have mentioned above.

With that in mind, as a gesture of goodwill we have taken the decision to go further and offer additional financial assistance to his family. I have therefore written to Amy Kate Davis and Sally-Ann Louise Hanney, with a compassionate offer to 'turn back the clock' in respect of the charges that have been incurred against the property to just one year. Currently, the charges have accrued over the period covering from when their father moved into the property at the end of March 2020 to May 2023. In effect, by reducing this period to one year, from the end of March 2020 to the end of March 2021, those costs would reduce significantly. We have therefore reflected this by offering to pay the total amount of £28,237 to the family.

For the avoidance of any doubt, please note that this offer to the family should not be viewed as any form of admission in response to the points raised in your email (on the contrary, you will note that we strongly reject the allegations that have been made). Rather, this has been offered as a compassionate gesture of goodwill given the particular and exceptional circumstances of this matter.

We have also taken the decision to introduce an 'exceptional circumstances' procedure into our internal policies, in the event that such circumstances arise again in the future.

I hope that our actions demonstrate to you our commitment to doing right by our residents and their families.

## **Conclusion**

We understand this is a difficult and sensitive situation and that is why we have offered a comprehensive package of support to the family. We have also sought to explain matters in more detail to you, including our answers to your specific questions as set out further below, which I trust shows our intention to engage in good faith. I therefore hope we can maintain a constructive dialogue.

Notwithstanding, for the reasons set out in this letter we strongly reject any suggestion or inference of wrongdoing in the manner both expressed and implied in your email (or otherwise). As I mentioned in the introduction section of this letter, I hope you will now agree that there is no credible evidence to support your concern that Platinum Skies may have acted improperly or unlawfully in relation to the sale of Mr Hanney's property, and that it would be unreasonable and wrong for any article to be published on your website, or by the Daily Mail or any other media publication, which contains any untrue and harmful allegations of this nature. You will appreciate, however, that I am obliged to let you know that if any article is published which contains false and harmful allegations then we will have no option but to take the appropriate action to protect our reputation.

I sincerely hope that this will not be necessary, and would once again thank you for bringing this case to my attention and for giving me the opportunity to share with you the further information contained in this letter.

Moreover, I trust that our recognition of the exceptional circumstances surrounding Mr Hanney's property sale, plus the further major support we are offering to his daughters, demonstrates Platinum Skies' abiding commitment to our customers.

At AHH, we strive to meet the needs of our ageing population by providing high-quality, affordable homes within communities where residents can thrive. It is widely acknowledged that retirement communities promote improved health outcomes for older adults; however, the homes are unaffordable for many. We have embraced shared ownership to deliver an affordable option to more older people, but this is not a simple solution. I would urge you to come and see the solution we provide and hear from my team how we support our customers; I am confident that you will appreciate the difference we make, and perhaps through working together, we can find new ways to make the purchase and ownership of homes more straightforward for our older homeowners.

Please do not hesitate to contact me should you have further questions.

Yours sincerely and respectfully,



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**Founder and Chief Executive, AHHG**

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## Specific information requested

- 1. Why are the event fees terms absent from the website of Platinum Skies? The Law Commission urged transparency over these fees, and other retirement housing providers make them explicit on their sales material (cf Audley, and all members of the ARCO trade body). They are detailed in Mr Hanney's lease.**

Fees incurred are made fully transparent throughout the sales process and each prospective customer is provided with a schedule of how fees increase over time before they purchase a property. A customer would also typically receive a report from their solicitor advising them on the lease terms and fees that are clearly set out in their contract and lease.

- 2. Is there not an additional obligation for Platinum Skies to be transparent over these fees as its Chapters site in Salisbury received £5.1 million assistance through Homes England, i.e. from taxpayers?**

As stated above, we are already clear and transparent throughout the sales journey about the fees associated with purchasing a shared ownership property. We act strictly in line with prevailing regulation for shared ownership properties and our leases reflect/are derived from the model leases widely used within the sector.

- 3. The 19.2% fall in the resale value of the Hanneys' flat and Platinum Skies accumulated fees are a catastrophic loss. The amount of time involved in completing the sale financially benefited Platinum Skies via the event fees. The financial loss could have been even worse: why did Platinum Skies not charge the 2% estate agency fee of £4,200 to this sale, to which it was entitled?**

Responsibility for the sale of Mr Hanney's property was originally taken by his family, but they were unable to find a buyer. Platinum Skies then took on this responsibility, listing the property for sale in January 2022 (almost two years later). Platinum Skies found a buyer within 11 months (in November 2022). The sale, however, was dependent on the buyer gaining probate, causing a 6-month delay. The family acknowledged and agreed in writing to this delay and Platinum Skies was able to agree the sale in March 2023. The sale duly completed on 5 May 2023 - much quicker than the industry standard for re-sale properties. Accordingly, the sale took place quickly in the context of and despite the considerable disruption to the property market last year, amid wider economic difficulties.

As mentioned above, Platinum Skies offered assistance and financial support to the family throughout this period. This included the decision to not charge the 2% agency fee. As an additional goodwill gesture, we have offered further financial assistance for compassionate reasons due to the unusual circumstances of Mr Hanney's case.

- 4. The family claims that purchasers agreed to buy this flat in November 2022, yet the sale only completed in April this year. Had the sale taken place before 24 March 2023 the family would have saved £4,200. Owing to the event fee, Platinum Skies has benefited from the transaction being protracted as a fourth year of event fees was triggered, resulting in another 2% (£4,200). The family claim that Platinum Skies is incentivised to string out the sales process. Do you dispute this interpretation?**

We strongly reject this interpretation, which is unsustainable given the facts set out in this letter, and any article which contains a false and misleading allegation of this nature would therefore be highly defamatory. As set out above, the family were aware of the delay to the sale and approved this in writing before the sale was agreed. Platinum Skies made multiple financial concessions to support the family through this difficult time. Platinum Skies also continued to market Mr Hanney's property up until the sale was formally agreed in March 2023, in case an alternative buyer could be found to purchase the property more quickly.

It is therefore wrong, as matter of fact, to imply that Platinum Skies delayed the sale of the property either deliberately or for any reason other than the valid reasons set out in this letter (which, we repeat, was with the full knowledge and approval of the family). We should also point out that the financial concessions provided to the family during this period amounted to significantly more than the final event fee charged as part of the conveyancing process in accordance with the lease terms. Nevertheless, as a gesture of compassion and goodwill (albeit without any admission in response to the family's claim), we have today offered the family further financial assistance, including removing the DEF charge for 2021/2022 and 2022/2023.

- 5. Do all the leases at your Chapter site in Salisbury have the same event fee provisions in the lease?**

Yes, all leases include event fee provisions.

- 6. Do all the leases at Chapter have the same error evidenced in Mr Hanney's lease, and reported publicly in The Times in a two page news article on 7 April 2022, that shared owners can only staircase by a maximum of 10% at a time and pay a 5% market value fee every time? This was against Homes England guidance and Platinum Skies stated that the charges would not be enforced. Have they ever been enforced by Platinum Skies at any site? Are the unsold new flats at this site sold with leases with the same unacceptable terms?**

The clauses referenced have been amended to mirror the Homes England model form of lease as per the Capital Funding Guide. The staircasing provisions referred to in this query have never been enforced.

**7. The Hanney family deployed a secret shopper in October 2022, who will be identified on record, to find out why the flat was not selling. S/he received the impression that Platinum Skies sales team was only interested in selling new flats at the site. Only reluctantly was the resale flat of the Hanneys acknowledged to be for sale and a viewing granted. Why did the Hanneys' secret shopper have the impression that resales were being discouraged by your sales team?**

We strongly reject the suggestion that resales were being discouraged by our sales team, which is unsustainable given the facts set out in this letter (including the extensive steps which the Platinum Skies sales team took to market and sell Mr Hanney's property). Any article which contains a false and misleading allegation of this nature would therefore be highly defamatory.

**8. A total of seven resale flats ("preloved") are on the Platinum Skies website for Chapters, which seems unusually high for a site that only opened in 2019. Can you explain why this figure is so high, as one would assume an industry average length of stay of 8 years? What is the average length of time to resell a property at Chapters once the owner's estate gives notice of their intention to sell?**

We do not release sensitive and personal information about former and current residents. However, the nature of this industry means that residents and families' plans often change due to ill health, death, or because they require more intensive care. Our resales service, founded in September 2021, on average take less than a year to resell a property.

**9. It is a controversial feature of shared ownership properties that the rent on the unpurchased percentage only increases, even though the value of the resale flats may fall, as here by 19.2%. Can you provide a full statement explaining the rent increments on this property, which account for the total £12,768 that was eventually charged?**

We do not accept that your suggestion that these contractual rent increases are controversial.

We can confirm that the itemised monthly rent charges were as follows:

- £331.59 from completion to 31st May 2021
- £342.88 from 1st June 2021 to 31st May 2022
- £382.74 from 1st June 2022 to 31st May 2023

Following the initial payment covering rent from completion of the property on 24th March 2020 to the end of April 2020, totalling £406.03, no rent was ever paid on the property.

Our policy around rent increases is in line with legal regulations for shared ownership homes and is clearly set out in all contracts.

**10. The lease says that it will always be an upward only rent review, either by 0.5% (minimum) or RPI plus 0.5%. Platinum Skies states on its website that it "has capped rent increases to a maximum of 6% despite what happens with inflation". Is this the case?**

Last year, the National Housing Federation announced the social housing sector's voluntary commitment to introduce a 7% rent cap for shared ownership properties in 2023/2024. This matched the Government's 7% rent cap on social housing properties and recognised the pressures that many people are facing with cost of living rises, while also recognising the need for continued investment in the sector. Platinum Skies applied a rent cap of 6%, below the sector commitment, to help our residents through high levels of inflation and the cost of living crisis. This was implemented by way of legal side letter before the rent cap was mandated by the Government.

**11. It is a condition of Platinum Skies funding from Homes England that shared ownership buyers are offered the chance to buy 75% and pay no rent at all on the remaining unpurchased portion. This is stated, without prominence, on the Platinum Skies website. Is it overtly made clear to potential buyers? We see leases for sale at 50% and two for sale that are fully owned (100%). Are there any occupiers at Chapters who own 75% of their shared ownership properties, the hoped-for result of Homes England?**

Shared ownership is an affordable step into homeownership, helping people to benefit from the stability of owning a home when they cannot afford to do so outright. The share is usually between 25% and 75% of a property and purchasers typically buy the maximum share they can afford. We have a rigorous process to assess affordability, which is independently verified by an IFA to meet all governance requirements. The opportunity for homeowners to purchase 75% is detailed on the Platinum Skies website in the FAQs section, here. This process will also be explained to buyers by their solicitor. We have a number of residents at Chapters who own a 75% share.

**12. It is a condition of the lease that Platinum Skies has the first option to buy back the flat. The secret shopper says that this reassurance was repeated by the Platinum Skies sales staff. Has Platinum Skies ever repurchased a property it has sold at Chapters? One occupied for only 25 days was surely a candidate for re-purchase, so why did it not happen?**

Within each lease, Platinum Skies retains the option to buy back the property. To date, Platinum Skies has not exercised this option for any property at Chapters, however as this is only an option there is no obligation for Platinum Skies to do so.

**13. Homes England is repeatedly referenced by Platinum Skies on its sales materials and even its logo is reproduced on its sales teams' emails to potential buyers. The secret shopper was also informed of its involvement, along with the Care Quality Commission. The Hanney family claim that the involvement of a government agency with Platinum Skies disguises unjustifiable business practices. Given the disastrous sale of their family's flat, is this a fair assessment?**

We strongly reject this assessment, which is unsustainable given the facts set out in this letter. Accordingly, any article which contains the false and misleading allegation that our references to Homes England are intended to disguise unjustifiable business practices would be highly defamatory. Platinum Skies operates in accordance with the legal regulations for shared ownership properties.

**14. I attach the event fee model provided to Donavon Hanney by Platinum Skies, which shows only increases in the resale value of the property. But I note flat 46, Constable Court, was bought for £290,000, is listed today for resale by Platinum Skies at £254,000 (fall of 12.4%). Has any property at Chapters resold for more than it was originally bought when new?**

Yes, there are properties that have sold for more than they were originally bought.

**15. It is claimed that Platinum Skies / the Affordable Housing and Healthcare Group is running a sales process for income streams relating to its retirement housing portfolio. Can you confirm whether freeholds, rental income streams or event fee income streams relating to the Salisbury development are also being offered for sale to external investors?**

This is correct and is legitimate and key industry practice, which funds the delivery of much-needed affordable homes across the country.

**16. If so, is Homes England aware that you are in the process of selling a financial interest in homes that have received funding from Homes England?**

Platinum Skies operates in line with prevailing regulation for shared ownership properties. We strongly reject any allegation that this is not the case.



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