

<b>Subject:</b>	<b>SHARED OWNERSHIP SALES POLICY</b>
<b>Meeting and Date:</b>	<b>Cabinet – 7 October 2019</b>
<b>Report of:</b>	<b>Helen Lamb, Head of Finance and Housing</b>
<b>Portfolio Holder:</b>	<b>Councillor Sue Chandler, Portfolio Holder for Housing and Health</b>
<b>Decision Type:</b>	<b>Non-Key Decision</b>
<b>Classification:</b>	<b>Unrestricted</b>
<b>Purpose of the report:</b>	To provide detail in relation to the proposed Shared Ownership Sales Policy and seek approval to implement the policy.
<b>Recommendation:</b>	<p>That Cabinet approves the proposed Shared Ownership Sales Policy.</p> <p>That Cabinet authorises the Head of Finance and Housing, in consultation with the Portfolio Holder for Housing and Health, to undertake any necessary minor amendments to the policy prior to the formal review date.</p>

## 1. Summary

- 1.1 Whilst Shared Ownership has been an affordable housing tenure offered to residents in the District by Registered Providers for several decades, the Council has had no direct involvement in the acquisition and sale of Shared Ownership properties prior to 2019.

However, in June 2019 the Council acquired 3 shared ownership properties via a Section 106 agreement, which have been made available for sale.

A further 29 shared ownership properties are currently on site, being developed by the Council, with handovers during 2020.

There is no DDC policy in place to direct the Shared Ownership sales process.

A policy has been developed in line with Homes England and Planning guidance, and this report seeks the approval of this policy.

## 2. Introduction and Background

- 2.1 Shared Ownership is a form of Affordable Housing, as defined by the Government via Homes England and Planning Policy Guidance.
- 2.2 Shared Ownership properties are marketed, and applicants are approved, by a national network of Homebuy Agents, usually Registered Providers, who are appointed and paid for by Central Government, and who act on behalf of any organisation which is selling shared ownership properties. It is a requirement to use Homebuy Agents when a property is funded by Homes England.
- 2.3 The Homes England Capital Funding Guide explains Shared Ownership thus:

*In Shared Ownership products the dwellings are part-rent/part buy (i.e. the property title and equity are split between the leaseholder (the shared ownership purchaser) and the landlord (the shared ownership provider) and are provided using the Homes England standard model shared ownership lease. The term 'shared ownership' has a legal meaning and is used in this context. Purchasers of Shared Ownership leases are allowed to buy an initial share of not less than 25% and not more than 75% based on a percentage of the full market value of the property.*

*The shared owner raises the funds to purchase their share in the normal manner. For example through some savings, possibly some family assistance, but primarily by taking out a mortgage from a bank or building society.*

*The provider then grants a leasehold interest to the shared owner. The shared owner occupies the entire dwelling, and pays a rent to the provider for the share of the property still owned by the provider.*

*The rent level is set by the provider. The annual rent at initial sale must be no more than 3% of the value of the property in the ownership of the provider.*

*The leaseholder is liable for all maintenance costs on the property even if they only have purchased the minimum 25% equity share.*

*Over time, the leaseholder can purchase further shares in the property. In most cases they can if they wish, purchase up to 100% of the equity in the property, thus becoming the outright owner. This is a process known as 'staircasing' and is a fundamental clause of the grant funded shared ownership lease which guarantees the right of the shared owner to acquire 100% of the equity share. The only exceptions to this are specific types of shared ownership in which the lease is subject to staircasing restrictions.*

*As the leaseholder purchases greater shares in the property, their rent falls according to the proportion of unsold equity. Where the shared owner has become the outright owner of a house, the provider transfers the freehold of the property (where applicable) to the new owner. Where the leaseholder becomes the outright owner of a flat, the provider retains the freehold of the block of flats.*

- 2.4 The Council have not previously provided homes via Shared Ownership, and have therefore not previously required a Shared Ownership Sales Policy.
- 2.5 The acquisition of 3 shared ownership properties by the Council in June 2019, and the development of 29 shared ownership properties by the Council to be completed in 2020, mean that it is now an appropriate time to develop, approve and implement a policy in relation to the sales of these properties. This is essential to ensure legal, funding and regulatory requirements are met. It is also advisable to ensure a consistent approach for the sale of DDC shared ownership properties regardless of whether this is being carried out in-house or by an external agent.
- 2.6 A policy has been developed in line with Homes England and Planning guidance, and an equality impact assessment has been carried out.

### **3. Identification of Options**

- 3.1 Option A: Not to approve the Policy
- 3.2 Option B: To approve the Policy.

#### **4. Evaluation of Options**

- 4.1 Option A is a risk to the Council as Estate Agents may not be familiar with the requirements of Homes England, and DDC Planners and may sell homes in a non-compliant manner. This could impact upon any funding the Council has received or could breach Planning Conditions. Therefore, option A is not recommended.
- 4.2 Option B gives the Council control over the sales process, and ensures compliance with funding and planning requirements. Therefore, option B is recommended.

#### **5. Resource Implications**

- 5.1 There is no resource implication relating to the approval of the policy. However, where the policy is implemented, there will be a staff resource and a budget implication.
- 5.2 The Shared Ownership sales and marketing process has a cost associated with it, whether this is managed in-house or externally. The cost of this will be included in the Financial Appraisal and agreed budget for the project. There should be no direct cost implication to the Council from undertaking the sales of the Shared Ownership properties.

#### **6. Corporate Implications**

- 6.1 Comment from the Section 151 Officer: Accountancy have reviewed the report and have no further comment to make. (AHC)
- 6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. (HR)
- 6.3 Comment from the Equalities Officer: In preparation for the report it is noted that an Equality Impact Assessment has been carried out which has resulted in no significant issues arising from this assessment. However, in discharging their responsibilities, Members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.
- 6.4 Other Officers (as appropriate):

#### **7. Appendices**

Appendix 1 – DDC Shared Ownership Policy

#### **8. Background Papers**

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