
Subject: SHARED OWNERSHIP SALES, MARKETING AND MANAGEMENT POLICY

Decision to be taken by: Helen Lamb, Head of Finance and Investment

Report of: Perry DeSouza, Housing Policy Officer

Portfolio Holder: Councillor Derek Murphy, Portfolio Holder for Social Housing and Port Health

Decision Type: Non-Key

Call-in to be suspended: No (*Call-in does not apply to non-Key Officer Decisions*)

Classification: Unrestricted

Delegated Authority: Authority delegated by Cabinet on 7 October 2019 (Cabinet decision CAB 68) as follows: '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.'

Purpose of the report: To provide detail in relation to the proposed amendments to Shared Ownership Sales Policy and seek approval to implement the policy.

Recommendation: That the proposed and amended Shared Ownership Sales, Marketing and Management Policy is approved for use.

1. Background

- 1.1 The Council has a Shared Ownership Sales and Marketing Policy in place which was written and approved for use by Cabinet in October 2019.
- 1.2 This policy was written for use by the Assets and Building Control team, who currently oversee the sales process and post-purchase management for all Council owned shared ownership properties.
- 1.3 The 2019 version was written for the model of shared ownership properties under the previous Affordable Homes Programme 2016-2021 scheme.
- 1.4 There have been a number of changes to legislation and internal operations which now require the Council to review and appropriately amend the policy. A revised version of the policy has been drafted which takes on board these changes.
- 1.5 A link to the current version of the policy can be found [here](#).
- 1.6 For clarity this report will refer to the current policy as the '2019 version' and the amended policy as the '2021 version'.

2. Summary of Changes

To Legislation

- 2.1 On 10 September 2020 the government announced the new Affordable Housing Programme (AHP) 2021-2026. This programme will replace the current AHP 2016-2021 scheme.

- 2.2 The AHP provides grant funding to support the capital costs of developing affordable housing for rent or sale. As the Government's housing accelerator, Homes England will be making available £7.39 billion from April 2021 to deliver up to 130,000 affordable homes by March 2026 – outside of London. Shared Ownership falls under this Programme.
- 2.3 As part of the AHP 2021-2026 changes have been made to the shared ownership model to make it more affordable for first time buyers and to make it easier for them to get onto the housing ladder. The key changes include:
- (a) The minimum deposit required being reduced from 25% to 10%
 - (b) For homes provided through the AHP 2021 to 2026 the landlord will meet the cost of repairs and maintenance for the first 10 years from the point of initial sale (with some limits). This was previously met by the Leaseholder under the AHP 2016-2021.
 - (c) Leaseholders being able to staircase by 1% increments over a 15-year period, or through larger payments reduced from 10% to 5%
 - (d) The option for the leaseholder to end the nomination period at the 4-week point if they wish to pursue a sale on the open market rather than the previous 8-week period.
- 2.4 Shared ownership properties sold under the new AHP 2021-2026 scheme are likely to be built for sale in 2022, however the Government has stated that there is likely to be a cross over between both products up to 2023.
- 2.5 The Government has also confirmed that Help to Buy Agents will now no longer be involved in the marketing, eligibility and affordability checks of non-grant funded shared ownership properties. Instead, the duty for those processes will be the responsibility of the Registered Provider.

To Council Operations

- 2.6 The Council will have 2 new shared ownership properties on St. Richards Road, Deal and there is likely to be more built or acquired through s106 agreements. Under the new government guidance these properties will need to be marketed and sold by the Council. The expected handover for the Deal properties is March 2022.
- 2.7 The Housing Development team was formed in 2020-21 and has taken on the role of sales progressor from the Asset and Building Control team for Council shared ownership properties. The latter team will instead oversee the post-sales management process.
- 2.8 A New Homes Officer role was approved on 16th September 2021 and will sit in the Housing Development team and fulfilling the function of overseeing the sales progression of both non-grant funded, and grant funded shared ownership properties. Regarding the latter, they will be involved once the Help to Buy Agent has completed their initial checks.
- 2.9 The 2021 version has been drafted by the Housing Development team, while the Asset and Building Control team have been consulted during the drafting process. The document is intended to be used by both teams in the following aspects:
- (a) The Housing Development team will oversee the marketing and sales progression to completion and will oversee the 12-months defects rectification period.
 - (b) The Asset and Building Control team will oversee post-purchase management of shared ownership properties.

- 2.10 While the policy has been updated to incorporate the Council's role as sales progressor, we anticipate that future amendments might be required to the document as the procedure is followed by Officers.

3. Summary of the Policy Amendments

General

- 3.1 The title of the document has been changed to reflect the inclusion of post-purchase management of shared ownership properties that the Council is obliged to fulfil as freeholder.
- 3.2 Changes have been made to the layout and structure to ensure that it is consistent with the layout and themes of other documents that have already been approved for use by Cabinet.
- 3.3 A separate shared ownership sales procedure document (Appendix 3) has been written to provide staff with step-by-step guidance for both grant and non-grant funded sales. This is intended for internal use only.

Content

- 3.4 The 2021 version has been written to include information for both grant and non-grant funded sales, with clear definitions of the rights and responsibilities of the Council and leaseholders being provided. These sections have been titled 'Grant funded sales' and 'Non-grant funded sales' for clarity.
- 3.5 Sections that were included in the 2019 version have been expanded to provide comprehensive guidance to both Officers and Leaseholders. Such amendments have also been made to reflect changes in legislation (if applicable).
- 3.6 Housing management for shared ownership properties has a dedicated section under 'Post-purchase'. This expands upon the 2019 version where some aspects of housing management were added but did not go into as much detail as was required. This section has been written in collaboration with the Asset and Building Control team.
- 3.7 Following on from 3.6, in the scrutiny meeting held on 14 October 2019, concerns were raised regarding the 'arrears' section (paragraph 12). The concern was that: *'the Council would have less control than the mortgage company on an asset it might be the majority owner in.'* This is a problem faced by the Council; however, the issue is that mortgage companies will not lend unless they have the first charge on the property.
- 3.8 It was the consensus that paragraph 12 (Rent arrears and non-payment of service charges) of the 2019 version should be expanded. In accordance with the consensus, this section has been expanded (as shown in Appendix 1) to explain what the Council will do in situations where there are rent arrears or non-payment of service charges, how the Council will act to address these issues which includes repossessions. This section was written in collaboration with the Asset and Building Control team who will be overseeing the enforcement of leases and any breaches.
- 3.9 The 2021 version includes links to government guidance and other relevant Council documents that should be read in conjunction with the policy. Where such guidance is for internal use only, links have not been added but they are referred to.
- 3.10 The full list of changes to the policy and reasons for them have been documented in Appendix 1.

Legislative

- 3.11 The 2021 version incorporates the changes to the shared ownership product as implemented by the AHP 2021-2026 which will replace the current AHP 2016-2021

version. The policy has been written include both aspects of the shared ownership product as there is likely to be a crossover of sales through to 2023.

4. Identification of Options

- 4.1 Option A: Agree with the changes made to the policy and approve it for use.
- 4.2 Option B: Disagree with the changes made to the policy and not approve it for use.

5. Evaluation of Options

5.1 Option A is the preferred option for the following reasons:

- (a) It will ensure that the Council has an up-to-date and comprehensive policy in place to provide clearer guidance to potential leaseholders and staff, that takes on board the new roles the Council will need to fulfil for non-grant funded properties, as well as the obligations under the new model of shared ownership.
- (b) The new version clearly defines the difference between the 2 models of shared ownership.
- (c) Accepting the changes to the new policy will also provide the New Homes Officer with the appropriate guidance and information to fulfil the Council's function as sales progressor.

5.2 Option B is not the preferred option for the following reasons:

- (a) The Council will not have an updated version of the policy which considers both legislative and operational changes that have happened since 2019. This is particularly prevalent with expectation that the Council will need to sell and market any shared ownership properties brought through s106 agreements being non-grant funded, rather than through a Help to Buy agent.
- (b) The 2019 document is not comprehensive enough to provide the guidance and advice to staff that is required to fulfil the function of sales progressor and Freeholder.

6. Resource Implications

6.1 There are no resource implications relating to the approval of the changes made to this policy.

7. Climate Change and Environmental Implications

7.1 There are no environmental implications relating to the approval of the changes made to this policy.

8. Corporate Implications

8.1 Comment from the Director of Finance (linked to the MTFP): Accountancy have been consulted in the writing of this report and have no further comment to add (AC).

8.2 Comment from the Solicitor to the Council: The Head of Governance & HR has been consulted during the preparation of this report and has no further comment to make.

8.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties 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/section/149>

9. Appendices

Appendix 1 - Shared Ownership Sales, Marketing and Management Policy (2021)

10. **Background Papers**

10.1 [Shared Ownership Sales and Marketing policy](#) (2019)

10.2 [Capital Funding Guide: Shared Ownership](#)

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