

# Community Wellbeing & Housing Committee



Tuesday 23<sup>rd</sup> November 2021

<b>Title</b>	Shared Ownership Strategy
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Stephanie Green, Housing Strategy and Policy Officer
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	Housing
<b>Recommendations</b>	<b>Committee is asked to:</b> Approve the proposed Shared Ownership Strategy
<b>Reason for Recommendation</b>	The existing Shared Ownership policy was last reviewed in 2019 and requires updating. There is also an action within the Council's Housing Strategy 2020-2025 to develop our approach to shared ownership as a tenure, to make sure that local households in housing need are prioritised for new schemes.

## 1. Key issues

- 1.1 In Spelthorne, approximately 1.4% of households are shared owners<sup>1</sup>. Shared ownership is one of the Government's affordable homeowner schemes and is usually provided by housing associations. Purchasers can initially purchase between 25%-75% of the full purchase price and then pay a discounted rent on the remaining share. Additional shares of 10% or more can be purchased each year and is referred to as 'staircasing'.
- 1.2 The Government has recently introduced a new model of shared ownership which is due to be rolled out alongside the Affordable Homes Programmes for the next five years. The new model reduces the deposit required to 10% and reduces staircasing to 1% shares. There will also be a ten-year repairs allowance period where shared owners can claim costs of up to £500 a year from their landlord. The new model suggests shared owners will be able to have greater control over the resale process and can expect longer leases of up to 990 years. Further details can be found in Appendix 1.
- 1.3 When a developer contacts the Council, the Council will expect any necessary off-site infrastructure or affordable housing to be provided by the developer. Agreements on developer contributions are usually made under Section 106 of the Town and Country Planning Act or through a Community

<sup>1</sup> Source: 2011 Census ONS Table KS402EW

Infrastructure Levy (CIL) charge. As part of the S106 affordable housing, developers are required to provide 'affordable housing' which may be either 'affordable' rented or 'affordable' shared ownership or a combination of both. Spelthorne Borough Council currently has a policy requiring the provision of up to 50% of any units with a development scheme above a threshold of 15 to be affordable (subject to viability). Within that affordable element, it is required that 65% be rented and 35% shared ownership. Often, shared ownership is more appealing to developers due to resolving viability concerns.

- 1.4 Therefore, it is important that the Council makes effective use of the quantity of shared ownership coming forward from housing providers. The Council can do this by updating its shared ownership policy with a strategic emphasis on local marketing. There needs to be a clear process from the outset on working with the developer and planning team to promote affordable rent in the first instance. Where shared ownership is progressed, developers should actively ensure local residents (particularly those with a housing need) are prioritised for properties for an initial period of time before sales are sought elsewhere. There should be a clear priority framework detailing how units should be allocated and there needs to be clear communication and updates between both the developer and the Council.

## **2. Options analysis and proposal**

### Option 1: Do Nothing

- 2.1 There is an existing Shared Ownership Policy in place that was agreed in 2019. Whilst it contains a priority framework for registered providers to follow, it does not outline the Council's expectation of local marketing and it does not refer to the Government's new shared ownership model. This option is not recommended as the existing policy needs updating.

### Option 2: Adopt the proposed Shared Ownership Strategy (recommended)

- 2.2 The proposed strategy is updated and refers to the Government's new shared ownership model and the new help to buy agent for the South of England. It also outlines specific guidance for housing providers to follow when marketing shared ownership homes with the aim of maximising sales to Spelthorne residents first. This option is recommended because it is feasible, updates the existing policy with a strategic emphasis on marketing whilst retaining a priority framework that puts local households in housing need first when homes are allocated.

### Option 3: Offer a financial incentive scheme as part of the proposed Shared Ownership strategy

- 2.3 Within the shared ownership action under the Housing Strategy, the Council stated it would explore the merits of a financial incentive scheme for households vacating social rented housing in Spelthorne. Initial research has been difficult as there are limited data resources demonstrating a justification for this type of scheme. Whilst we are anecdotally aware that social housing tenants rarely move into shared ownership schemes due to affordability issues, there is little evidence to support this. Furthermore, there is not currently a specific fund set up for this purpose.
- 2.4 Additionally, the impact of the Government's 'First Homes' scheme is yet to be determined. First Homes was introduced in May 2021 and is referred to as 'discounted market sale'. First Homes must be discounted by a minimum of

30% against the market value with subsequent sales maintaining the discount. They must also be sold to a person meeting the First Homes eligibility criteria and be capped at £250,000 (or £420,000 in Greater London). Households may desire a 'First Homes' scheme as opposed to Shared Ownership as the £250,000 cap could be more affordable for residents with a lower-income wanting to access home ownership.

- 2.5 This option is not recommended due to the lack of supporting data available, the lack of suitable funding and due to the unexpected impact of First Homes which may be more desirable than shared ownership. When there is a review of this strategy, a financial incentive scheme could be reconsidered once the Council has seen the desire for the new shared ownership model versus the new 'First Homes' scheme.

### **3. Financial implications**

- 3.1 There are currently no financial implications in the adoption and initial implementation of the proposed policy as it has been based around existing resources. Should Committee wish to make any changes to the proposal or choose option 3 then there may be a financial implication in relation to the resources required to implement a financial incentive scheme.

### **4. Other considerations**

- 4.1 If the proposed strategy is not approved, a new completion date will need to be revised that is in line with the Housing Strategy 2020-2025.

### **5. Equality and Diversity**

- 5.1 An Equality and Diversity Impact Assessment of Appendix 1 is provided in Appendix 2. This assessment has not identified any significant impact on equalities, although Committee should note that the Council's Public Sector Equality Duty is an ongoing duty and not discharged through the completion of an assessment. The Housing Strategy and Policy team will minimise any potential disproportionate impact through regular data monitoring, government returns and ongoing strategy development and review.

### **6. Sustainability/Climate Change Implications**

- 6.1 The proposed policy itself does not have any impact on the Council's sustainability / climate change position.
- 6.2 The operation of the Help-To-Buy website which is used for shared ownership applications is a fully digital service, reducing the use of paper and printing.
- 6.3 Generally, new build Shared Ownership properties themselves benefit from features which promote sustainability as part of the Government's Future Homes Standard and target of net zero carbon homes by 2050.

### **7. Timetable for implementation**

- 7.1 Provided that adoption is approved by Committee, the strategy will be put into effect immediately on any new Shared Ownership schemes offered in Spelthorne.

**Background papers:** None

#### **Appendices:**

Appendix 1: Proposed Shared Ownership Strategy

Appendix 2: Equality Impact and Diversity Assessment for the proposed Strategy