

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 01 November 2021

|                              |  |
|------------------------------|--|
| <b>Portfolio:</b>            | Housing  |
| <b>Subject:</b>              | <b>Fareham Borough Council Shared Ownership Policy</b> |
| <b>Report of:</b>            | The Deputy Chief Executive Officer                     |
| <b>Corporate Priorities:</b> | Providing Housing Choices                              |

**Purpose:**  
To seek approval of the draft Fareham Borough Council Shared Ownership Policy

**Executive summary:**

Providing Housing Choices is one of the six corporate priorities for Fareham Borough Council. By working with key partners the Council seeks to support a diverse housing market and help households find good quality, affordable homes.

The Shared Ownership Policy sets out the Council's approach to its shared ownership properties. This includes the criteria around household eligibility, and the marketing, selling, and management of this type of accommodation.

The Policy would not apply to Shared Ownership homes provided by other Registered/Affordable Housing providers.

An Equalities Impact Assessment has been undertaken and has not identified any impacts for the protected characteristics.

**Recommendation/Recommended Option:**

It is recommended that the Executive:

- (a) approves the Fareham Borough Council Affordable Housing Policy, as provided in Appendix A to this report, for publication; and
- (b) approves payment in accordance with the Council's Housing Transfer Incentive Scheme for any existing tenants agreeing to downsize. This would only apply to Fareham Borough Council tenants who are moving into Fareham Borough Council shared ownership stock.

**Reason:**

To detail the Council's approach to its shared ownership properties.

**Cost of proposals:**

The cost of publication is covered in the existing Fareham Housing operational budget.

**Appendices:**

**A:** Fareham Borough Council Affordable Housing Policy

**B:** Equalities Impact Assessment

**Background papers:****Reference papers:**

Fareham Borough Council Social Housing Rents Policy

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## BOROUGH COUNCIL

### Executive Briefing Paper

|                     |   |
|---------------------|---|
| <b>Date:</b>        | 01 November 2021                                |
| <b>Subject:</b>     | Fareham Borough Council Shared Ownership Policy |
| <b>Briefing by:</b> | The Deputy Chief Executive Officer              |
| <b>Portfolio:</b>   | Housing   |

#### INTRODUCTION

1. Shared ownership is an affordable housing product. It is designed to help those who wish to get on the property ladder but are unable to afford a home on the open market. The applicant purchases a percentage of the accommodation and pays rent on the remaining share.
2. The Council has 54 shared ownership properties but has not built any new homes of this type for over 25 years. At its meeting of 30 April 2020 the Executive Member for Housing<sup>1</sup> approved the funding mechanism for the delivery of 11No. new shared ownership properties at Stubbington Lane, Hill Head. On 2 November 2020 the Executive approved the funding mechanisms for 9No. new shared ownership properties at the Coldeast Scout Hut Site.
3. The reinvigoration of shared ownership delivery through the Housing Strategy team has identified the need for a shared ownership policy for Council owned stock. The Fareham Borough Council Shared Ownership Policy (hereafter referred to as 'the Policy') sets out the Council's approach to its shared ownership properties. This includes the criteria around household eligibility, and the marketing, selling, and management of this type of accommodation.

#### THE FAREHAM BOROUGH COUNCIL SHARED OWNERSHIP POLICY

4. The Council has aligned its shared ownership scheme to the 'Homes England Capital Funding Guide for Shared Ownership'. This is because the funding mechanisms to deliver shared ownership come through Homes England. By aligning with the funding guide the processes ensure adherence to funding guidelines, having been widely tested in other areas.
5. The Homes England Guide enables the Council's objective of providing housing choices. Through the funding available the Council can help those in housing need who would otherwise be unable to afford a property on the open market. In order to ensure

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<sup>1</sup> Delegated by the Executive due to Coronavirus restrictions.

that this need will be met by those who require it the most, the following eligibility requirements must be met by applicants:

| <b>Criteria</b>     | <b>Description</b>  |
|---------------------|---|
| Age                 | Over 18 years of age and resident of the UK.  |
| Income              | Gross household income of less than £80,000<br><br>Applicants must be able to afford their purchase and sustain housing costs.<br><br>Applicants are able to demonstrate that they have a sufficient deposit.<br><br>Applicants must be able to demonstrate that they are unable to purchase the home they need on the open market. |
| Existing homeowners | The existing property must have already been sold or will be sold at the same time as buying through shared ownership.<br><br>The other general eligibility criteria for the scheme must also have been met.  |
| Arrears             | If applicable, applicants must be able to demonstrate that they are not in rent arrears or in breach of their tenancy agreement at the time of application.   |

Table 1

6. The Council is keen to ensure that need for affordable housing products continues to be understood. Therefore an Affordable Home Ownership Register has been created for the purposes of affordable home ownership marketing and for the Council to have a better understanding of the extent and type of affordable housing need in the Borough. It is not a requirement for accessing shared ownership, but a means of understanding need and keeping applicants up to date with property information.
7. The register can be accessed through the Council's website or by contacting the Strategic Housing team.

## **APPLICATIONS AND PURCHASE**

8. Applications for shared ownership properties are to be made through Help to Buy South. Help to Buy is a government scheme which provides a range of options designed to make it more affordable to buy a home. Help to Buy South is one of three agents appointed by the government to assist in providing affordable housing schemes across England. The funding guidance states that all applicants must go through Help to Buy in order to check eligibility and access shared ownership.
9. In most cases applicants will have the opportunity to purchase a share between 10% - 75% of a property. All applicants will also have the opportunity to 'staircase' by buying additional shares up to 100% of the property.
10. The owner will be required to pay rent to the Council on the remaining share of the property. The rent is set out in the Council's Social Housing Rents Policy and can be calculated based on the when the property was purchased. The difference is primarily

whether the property is the older, existing stock, or are the newly developed homes. The Homes England Guidance only applies to more recent accommodation.

11. New shared ownership properties purchased after 1 April 2021 or those who are staircasing will have the rent calculation based on the unsold equity. This calculation will be as follows:

$$\frac{\text{Rent per month} = (\text{Unsold equity amount} \times 2.75\%)}{12}$$

12. For shared ownership properties purchased before 1 April 2021 the rent is calculated based on equivalent properties within the Council's portfolio. The charge is worked out by removing a percentage based on typical repairs costs from what the monthly rent would be as a social housing property. This amount is set out in the property lease.

### **EQUALITY IMPACT ASSESSMENT**

13. An Equality Impact Assessment (EIA) has been undertaken of the Shared Ownership Policy. This is included as Appendix B to this report. The EIA has not identified any detrimental equality impacts as a result of the proposed policy.

### **RISK ASSESSMENT**

14. There are no significant risk considerations in relation to this report

### **CONCLUSION**

15. The Policy explains the Council's approach to its shared ownership properties. By clearly setting out the early stages such as the criteria around eligibility through to the processes when the tenant is in situ, the Council hopes to encourage more people in housing need to achieve affordable home ownership.
16. The Executive is invited to comment and approve the document.

### **Enquiries:**

For further information on this report please contact Fleur Allaway. (Ext 4304)