

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 08 April 2024

Portfolio:	Housing
Subject:	Fareham Borough Council Shared Ownership Policy
Report of:	Director of Housing
Corporate Priorities:	Provides Housing Choices

Purpose:

To seek Executive approval for the updated Fareham Borough Council Shared Ownership Policy.

Executive summary:

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

A review of the policy and processes was undertaken following the closure of Right to Buy South. The document is now updated with the new procedures, including some minor amendments.

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

The Equalities Impact Assessment has been updated. It has not identified any impacts for the protected characteristics.

Recommendation/Recommended Option:

It is recommended that the Executive approves the updated Fareham Borough Council Shared Ownership Policy, as provided at Appendix A to this report, for publication.

Reason:

To ensure Council's policy in relation to its shared ownership properties remain up-to-date and clear guidance is available for applicants.

Cost of proposals:

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

Appendices:

A: Fareham Borough Council Affordable Housing Policy 2024

B: Equalities Impact Assessment

Background papers:

None.

Reference papers:

I. 01 November 2021 Executive Report – Fareham Borough Council Shared Ownership Policy

II. Fareham Borough Council Shared Ownership Policy and Processes 2021

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Executive Briefing Paper

Date:	08 April 2024
Subject:	Fareham Borough Council Shared Ownership Policy
Briefing by:	Director of Housing
Portfolio:	Housing

INTRODUCTION

1. Shared ownership is a type of affordable housing product designed to help applicants to get on the property ladder. The applicant purchases a percentage of the home and pays rent on the remaining share.
2. At the 1 November 2021 Executive meeting, the Fareham Borough Council Shared Ownership Policy and Processes document was adopted. Since its approval there have been national changes to how applicants purchase a shared ownership property. This report details the updates to the Policy, including the minor changes resulting from the review.

HELP TO BUY SOUTH

3. Help to Buy South (HtBS) was a government scheme to provide a range of affordable housing options for those wishing to purchase a property. HtBS administered the list of applicants and advertised shared ownership properties on the Council's behalf. When an applicant was matched to a property (based on MOD status and in order of applying), HtBS would run financial eligibility checks to ensure the candidates could afford the property.
4. In March 2023 the HtBS initiative came to an end. The Policy has been changed to reflect that the Council will now maintain a list of applicants through its Affordable Home Ownership Register. Households can now submit their interest via our website¹.
5. The Council will market properties through an appointed estate agent, instead of HtBS. The procedure for selecting an agent will be run through the standard procurement practices. In addition, the estate agent will also market the properties and may attend property viewings instead of a Council representative.

¹ <https://www.fareham.gov.uk/onlineforms/displayform.aspx?formid=AffordableHomeOwnershipReg>

RENTS

6. Rents for shared ownership properties are calculated in two ways. This is dependent on whether the property was purchased before or after 1 April 2021, when new shared ownership funding guidelines were introduced. If the former, the rent is calculated based on equivalent property within the Council's portfolio. If after, it is based on the unsold equity. For either calculation, the details are set out in the lease and are eligible for an annual rent increase.
7. The 2021 Policy advises that the annual increase in rents will be CPI plus 1 percentage point. The increase in inflation in recent years would mean that this rise would be excessive. The new Policy instead advises that rent increases will be an Executive decision determined annually. This will be in line with The Direction on the Rent Standard issued by Government. Households will be informed in advance of any planned increase in their rent.

OTHER CHANGES

8. Further minor amendments have been made to the Policy to reflect changes in practices and national guidance. These are as follows:
 - **Reservation Fee** – Where an application has been formally withdrawn, the reservation fee will be refunded. This has been amended to include that a proportion of the fee may be withheld to cover any reasonable costs.
 - **Percentage Sales** - The initial share of the property has been reduced. Applicants can purchase between 10-75% of the property. This was originally between 25-75%.
 - **Staircasing** – Owners of older person's accommodation can purchase up to 75% of their property. This has been reduced from 80% to reflect national guidance. Owners of standard accommodation can still purchase up to 100% of the property.
 - **Length of Lease** – The initial lease term has been increased from 125 years to 999 years to reflect national expectations.
 - **Responsibilities** – Although set out in each lease, the table detailing responsibilities has been updated to reflect changes in the departmental structure. This is as follows:

Service	Responsibility
Housing Delivery Team	<ul style="list-style-type: none">• Management of the leasehold, including rent, service charges and cyclical fund collection• Staircasing and re-sales
Housing Delivery Team	<ul style="list-style-type: none">• Marketing and initial sales• Management of the Affordable Housing Register
Housing Maintenance Team	<ul style="list-style-type: none">• Maintenance and repairs of communal areas and elements of the building where the Council has responsibility

EQUALITY IMPACT ASSESSMENT

9. An Equality Impact Assessment (EIA) was undertaken as part of the 2021 Policy. A

review of the EIA was also undertaken, there were no detrimental equality impacts as a result of the Policy changes. The EIA is included as Appendix B to this report.

RISK ASSESSMENT

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

ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT

11. No detrimental environmental or carbon impacts are anticipated in relation to the Policy. This may be triggered in relation to new shared ownership developments. Where this is the case, a separate review will be undertaken for that specific project.

CONCLUSION

12. The Fareham Borough Council Shared Ownership Policy and Processes document has been amended following a recent review. The changes are minor and largely reflect factual updates required as a result of national changes. As a result, public consultation of the revisions is not considered necessary.

Enquiries:

For further information on this report please contact Fleur Allaway (01329 824304).