

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 15 July 2024

<b>Portfolio:</b>	Housing
<b>Subject:</b>	<b>Changes to Government Guidance – Shared Ownership</b>
<b>Report of:</b>	Director of Housing
<b>Corporate Priorities:</b>	Providing Housing Choices

**Purpose:**

To seek Executive approval of the process to update the Shared Ownership Policy and Processes to reflect the latest Government guidance.

**Executive summary:**

The attached report provides Members with an overview of the changes which have been made to the Capital Funding Guide (CFG). The CFG details the requirements housing providers delivering affordable housing using government funding must follow.

The updated guidance introduces changes to the affordability assessment to be applied to applicants of shared ownership properties. The Council will need to be compliant with the new requirements to receive Homes England grant funding for the schemes it develops.

The report seeks Executive approval for delegated authority that will allow a time efficient update to the Shared Ownership Policy and Processes.

An Equalities Impact Assessment will be undertaken to accompany the updated policy.

**Recommendation/Recommended Option:**

It is recommended that the Executive agrees that the required revisions, addendums or future amendments to the Council's Shared Ownership Policy and Processes needed to comply with updated government guidance be delegated to the Director of Housing, following consultation with the Executive Member for Housing.

**Reason:**

To ensure that the updates are acceptable and to enable a time efficient process to update the Council's Shared Ownership Policy and Processes as required.

**Cost of proposals:**

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

**Appendices:** None

**Background papers:** None

**Reference papers:**

- I. 08 April 2024 Executive Report – Fareham Borough Council Shared Ownership Policy**
- II. Fareham Borough Council Shared Ownership Policy and Processes 2024**
- III. Home England Capital Funding Guide**

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	15 July 2024
<b>Subject:</b>	Changes to Government Guidance – Shared Ownership
<b>Briefing by:</b>	Director of Housing
<b>Portfolio:</b>	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 8 April 2024 Executive meeting, the updated Fareham Borough Council Shared Ownership Policy and Processes document was approved. Since its approval there has been updated guidance issued by Government. The Council needs to reflect these updates in its Policy to be able to access Homes England grant funding for its Shared Ownership dwellings. The changes which include the requirement to publish a first come, first serve policy, and a monthly minimum income surplus policy take effect from 1<sup>st</sup> August 2024. This report details the updates to the policy which are required.
3. Section 6, of the Affordability Guidance in the Shared Ownership chapter of the Capital Funding Guide was updated on 17 May 2024. It explains the Government's requirements concerning applicant affordability and the financial assessment process to determine an affordable share to purchase, as well as the role of the housing provider and independent financial advisors (known as professional advisors) in making this decision.
4. The overarching principles in the updated guidance have not altered and the Council's Shared Ownership Policy and Processes already reflect these. However, the updated guidance makes the following changes:
  - Removal of the Homes England affordability calculator and its associated guidance.
  - Improved clarification and transparency in respect of determining applicant eligibility, priority and affordability.
  - A new affordability methodology to be used by professional advisors which more closely aligns with that of mortgage lenders.
  - Housing providers to publish a first come, first served policy and monthly minimum

surplus income policy detailing how applicant eligibility and affordability will be determined.

5. The First Come First Served Policy to detail how eligible applicants will be prioritised. This will not be influenced by the share that an applicant can afford thereby ensuring homes are sold across a range of equity shares.
6. The Monthly Minimum Income Surplus Policy will specify the minimum amount of surplus income that an applicant should have available per month after all housing costs, other commitments and expenditure as established by a budget planner. Professional advisors will be required to have regard to the Council's policy when recommending a suitable mortgage and share price for an applicant to purchase. The policy will aim to ensure applicants wishing to take a step towards home ownership can do so in a sustainable and responsible way.

### **TIMESCALES**

7. To achieve compliance housing providers must implement the updated guidance by 1<sup>st</sup> August 2024. This will be a condition of obtaining Homes England grant funding to deliver affordable housing.
8. Fareham Borough Council is currently developing a shared ownership scheme (Ophelia Court) in Montefiore Drive, Sarisbury Green and has secured £447,000 of Homes England funding. The Council must ensure it meets the requirements of the updated guidance without delay if it wishes to draw down these funds. To allow for this, approval to make changes to the Shared Ownership Policy and Processes is requested to be a delegated decision.

### **EQUALITY IMPACT ASSESSMENT**

9. An Equality Impact Assessment (EIA) will be undertaken on the updated Policy following the required changes.

### **RISK ASSESSMENT**

10. The risk of not updating the Council's Shared Ownership Policy and Processes to include the Government guidance is the loss of grant funding for our current Shared Ownership development, and the inability to bid for grant funding for future Shared Ownership dwellings.

### **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. Following an update to the Government guidance on shared ownership, Fareham Borough Council's is required to amend its Shared Ownership Policy and Processes. As these changes are a direct result of a revision to Government guidance, a public

consultation is not considered necessary.

**Enquiries:**

For further information on this report please contact Helen Farnham (01329 01329 824498) or Liz Reed (01329 824791)