

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Housing Portfolio Holder

16 November 2011

**AUTHOR/S:** Executive Director, Operational Services / Corporate Manager, Affordable Homes

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### SHARED OWNERSHIP POLICY

#### Purpose

1. To seek approval of the Housing Portfolio Holder for a variation to the equity share sales policy.
2. This is a key decision because it raises new issues of policy, or is made in the course of developing proposals to amend the policy framework, or is a decision taken under powers delegated by the Council to amend an aspect of the policy framework. It was first published in the Council's corporate forward plan in August 2011.

#### Recommendations

3. That the Portfolio Holder agrees to option (c) at paragraph 13 detailed below: To stop selling homes from the rented stock and encourage applicants with financial resources to purchase from the available pool of existing equity share properties for sale. If such applicants have a need to be in a particular village, however, and they are successful in bidding for that property through the usual process then they should be allowed to rent that property.

This policy change is to be operational from 1 April 2012.

#### Background

4. The Housing Portfolio Holder has already agreed an interim change to the shared ownership sales policy on 16 March 2011. This report now recommends a permanent change to that policy.
5. The shared equity for the elderly scheme enables a person over the age of 60 years and who meets qualifying criteria to buy a property on one of the Council's sheltered housing developments. The price they pay reflects the market value of the percentage acquired (max 75% of the total value). In return they are granted a long lease of 125 years and have access to the Council's Sheltered Housing Service subject to paying their Service Charge.
6. The current policy operates as follows:
  - a) applicants for a Council house aged over 60 who have sufficient capital through ownership of a property and/or in savings at the time they apply, or who have owned a property at any time within five years of their application, will normally be expected to take part in our leasehold equity share scheme, and
  - b) if an applicant wishes to live in a village with no sheltered housing scheme, in order to receive support from family or other formal or informal care networks,

then they may be offered a non-sheltered bungalow but will be expected to take part in the shared ownership scheme.

7. In both types of cases the applicant would therefore be expected to purchase an equity share on a property even if that property had previously been part of the rented stock. This can lead to future management problems, as applicants do not always wish to purchase an equity share.
8. The Council has within its stock 162 properties, which have to be surrendered back to, and purchased by the Council. Since September 2010 these properties have, with the permission of the CLG, been transferred to the Council's General Fund ownership. This ensures that once the property has been bought back and resold, that the full amount of the receipt is returned to the Council thus enabling the scheme to be self-funding. This also means that resale of the property is critical to ensure the General Fund stays in balance.

### **Considerations**

9. Properties transferred to the General Fund are no longer available to the council to re-let let as a secure tenancy. Previously, equity share properties bought back by the Council were returned to the rental stock and the balance of rented homes sold and those added back to the stock was broadly neutral. Now that the re purchased properties have to be re sold, there will over time be a loss of social rented homes unless a policy change is implemented.
10. In the period April 2011 to September 2011, 10 social rented bungalows have been sold through the EQS lease scheme.
11. There are therefore three primary considerations to address:
  - (a) The policy needs to ensure that those with the resources to buy equity share properties are directed to do so from the existing pool of equity share properties on sale. This includes both those bought back by the Council and those on sale from post 2006 leaseholders who are required to sell properties on the open market.
  - (b) The further loss of social rented Council homes should be prevented.
  - (c) The housing needs of those people seeking housing should be met in as flexible way as possible.
12. If the recommended policy changes are agreed there will be some time needed to contact those on the Council's Housing Register that may be affected as well as carry out a more general set of communication activities. There will therefore need to be a lead in time before the new arrangements 'go live'. It is suggested that the new arrangement therefore take effect from 1 April 2012.

### **Options**

13. There are three options to consider:
  - (a) To continue with the current policy. This would lead to the further loss of social rental properties and may hamper the generation of income required from the resales to reimburse the General Fund.
  - (b) To stop selling homes from the rented stock and restrict those applicants with ability to purchase an equity share property to having to buy from the available

pool of equity share properties. Given the relatively small number of properties available at any one time, this would severely limit the options people have to live in a particular village which may be important to meet their housing needs.

- (c) To stop selling homes from the rented stock and encourage applicants with financial resources to buy from the available pool of existing equity share properties for sale. If such applicants have a need to be in a particular village however, and they are successful in bidding for that property through the usual process, then they should be allowed to rent that property. This would maximise the flexibility of the system whilst still preserving the rental stock.

14. The existing lettings policy already has conditions, which prevent those who have the resources to access open market housing from being granted a social rented tenancy. The proposal in 13 (c) above, would therefore only apply to applicants who have some capital resources but not enough to access the open market.

### Implications

15. Financial	The sale of the pooled properties will generate income to buy back those properties the Council is obliged to repurchase.
Legal	The Council will continue to honour its buy back obligations to existing leaseholders.
Staffing	None
Risk Management	If the recommended changes are not made it may mean that resales of properties bought back by the General Fund will be harder to achieve
Equality and Diversity	The applicants are older people and it is important that the policy addresses carefully the equity issues that are significant. For example, it may be necessary for the applicants to live in a particular village for care reasons or to be near health facilities.
Equality Impact Assessment completed	Yes Partial EQIA
Climate Change	None

### Consultations

16. None.

### Consultation with Children and Young People

17. None.

### Effect on Strategic Aims

18. The proposed changes will provide choice to older applicants, whilst addressing their housing needs. The intention to not sell further homes under the equity share scheme, will help to maintain housing stock for other residents of the district in housing need, and thus contribute to the following strategic aims:

- being a listening council, providing first class services accessible to all

- ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family
- making South Cambridgeshire a place in which residents can feel proud to live

### **Conclusions / Summary**

19. The recommended policy change will allow flexibility for applicants to meet their housing needs, ensure that there is no further loss of social rented homes and will encourage the sale of those properties that the Council has had to buy back using the General Fund.

**Background Papers:** the following background papers were used in the preparation of this report:

Report to Housing Portfolio Holder, Equity Share Sales, 16 March 2011.

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