

VARIATIONS TO THE “A HOME OF YOUR OWN” SCHEME (DIYSO)

Cabinet 13 November 2014

Report of	Chief Housing Officer
Status:	For consideration
Also considered by:	Housing & Community Safety Advisory Committee - 8 October 2014
Key Decision:	Yes

This report supports the Key Aims of safe and caring communities and a dynamic and sustainable economy.

Portfolio Holder Cllr. Michelle Lowe

Contact Officer(s) Pat Smith Ext. 7296

Recommendation to Housing & Community Safety Advisory Committee: That the proposed variations set out in paragraphs 2.1 and 2.2 be considered and a recommendation made to Cabinet.

Recommendation to Cabinet: That the proposed variations set out in paragraph 2.1 and 2.2 be considered and approved.

Reason for recommendation: To ensure the proposed variations to the “A Home of Your Own” scheme are correctly approved.

Introduction and Background

- 1.1. In the forthcoming annual report to the Housing & Community Safety and Local Planning & Environment Portfolio Holders regarding proposals for spending financial contributions collected for affordable housing, approval will be sought for a Round 2 of the “A Home of Your Own” scheme (DIYSO) with Moat. Currently, £1.35m financial contributions have been collected and which are unallocated. Sufficient funds are therefore in place to allow support of a Round 2, subject to Portfolio Holder approval.
- 1.2 Round 1 was first approved by Portfolio Holder Decision No: 18 (2012/3) - General Proposals for Spending in 2012/3. A funding split of 60:40 was agreed between Moat and the Council, with the Council’s funding totalling £480,000 plus on costs and Moat’s funding totalling £720,000. The funding is enabling 12 shared ownership purchases to be made on homes in the District to the value of £250,000. The Council’s contribution is recouped in all cases (when the

purchaser acquires further shares or sells up) and will be used to enable affordable housing.

- 1.3 Priority is given to existing housing association tenants as their freed up affordable homes are used to re-house others in housing need. Of the purchases completed to date, 3 have involved housing association tenants. The remaining 9 purchases are all expected to involve first time buyers with a local connection to the District.
- 1.4 Due to market intelligence gathered from Round 1, a number of variations are proposed for Round 2 to encourage maximum take up and affordability, particularly amongst existing housing association tenants.
- 1.5 The decision to approve funding for Round 2 of the “A Home of Your Own” scheme (Diyso) and any associated variations to the scheme, rests with the Housing & Community Safety and Local Planning & Environment Portfolio Holders. However two of the proposed variations constitute a Key Decision under the Constitution. These proposed variations require Cabinet consideration and approval.
2. The two proposed variations requiring the approval of Cabinet are:
 - 2.1 Variation 1. For applicants who are housing association tenants, the value of the home to be purchased may be up to £350,000. This enhanced value cap would only apply where the applicant is assessed by Moat as suitable for a 3 or 4 bedroom home and the applicant is actually buying this size of home. The enhanced value cap would only be applied to a maximum of 3 purchases.

Justification - Moat report growing difficulty for purchasers in finding larger properties within the existing maximum value cap (£250,000). The proposed maximum value cap increase will facilitate moves for larger families. By limiting the number of purchases this will be available for (to a maximum of 3 qualifying applicants), the call on the overall funding pot will continue to be carefully managed.
 - 2.2 Variation 2. For all applicants, the minimum initial share of the home to be purchased is reduced to a 35% share.

Justification - Moat report affordability levels are such that some applicants are unable to afford the current minimum 50% initial share. However applicants are keen to move into home ownership and could afford to purchase a lesser share value. Under the national Help to Buy programme, housing associations may offer minimum share purchases as low as 25%. Under the “A Home of Your Own” scheme (Diyso), applicants are expected to buy the largest share they can afford, as assessed by Moat. The proposed minimum share will help more applicants be able to afford to purchase under the scheme.
 - 2.3 Subject to Portfolio Holder approval, Round 2 of the “A Home of Your Own” scheme (Diyso) would fund a further minimum 12 purchases (grants). The scheme would continue to be funded on the basis of a 60/40 split between Moat and the Council. However due to the variations proposed above, Moat’s contribution would be £1,287,000 maximum (Moat have already approved this) and the Council’s contribution would be £858,000 maximum (plus on costs of

£2,500 per purchase). As reported in paragraph (1.1) sufficient funds have been collected through planning contributions to allow Round 2 to be fully funded, subject to Portfolio Holder approval. These maximum figures are based on the “worst case” scenario, where the two proposed variations detailed in paragraphs (2.1) and (2.2) are fully taken up in every case. For example, for a 4 bedroom house costing £350,000 where the applicant (a housing association tenant) is acquiring a 35% share, the Council’s contribution would be £91,000 (and Moat’s £136,500); or for a 2 bedroom house costing £250,000 where the applicant is acquiring a 35% share, the Council’s contribution would be £65,000 (and Moat’s £97,500). These amounts exceed the level where a Key Decision is required.

Other Options Considered and/or Rejected

Subject to further discussion with Moat, it should be possible to progress a Round 2 of the “A Home of Your Own” scheme (Diyso) whether both of the variations set out in paragraphs (2.1) and (2.2) are approved, or just one of them is approved, or neither of them are approved. However market intelligence suggests unless both variations are approved, Round 2 will fail to have maximum impact and take up.

Key Implications

Financial

The report contains proposals involving the use of funds received through developer contributions. Funds are not committed before their receipt is certain. The Council recoups all monies committed under the scheme (or their share thereof) and these will be used to enable affordable housing in the future.

Legal Implications and Risk Assessment Statement.

Legal agreement to be in place if Members agree proposals.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The proposed variations to the scheme will ensure it is available to a wider section of the community than is currently available, e.g. greater consideration for larger families..
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		Positive impact of widening the scheme.

Conclusions

Subject to further discussion with Moat, it should be possible to progress a Round 2 of the “A Home of Your Own” scheme (Diyso) whether both of the variations set out in paragraphs (2.1) and (2.2) are approved, or just one of them is approved, or neither of them are approved. However market intelligence suggests approval of both variations will ensure Round 2 has maximum affect and impact in promoting affordable low cost home ownership within the community.

Background Papers:

[Core Strategy](#) (Feb 2011)

[Affordable Housing Supplementary Planning Document](#) (Oct 2011).

Portfolio Holder report – [General Proposals for Spending in 2013](#) (Decision No. 18)

Pat Smith

Chief Housing Officer