

“A HOME OF YOUR OWN” SCHEME (DIYSO) – PROPOSED ROUND 2

Housing & Community Safety Advisory Committee - 8 October 2014

Report of Chief Housing Officer

Status: For consideration

Key Decision No

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 “A Home of Your Own” scheme (Diyso) Round 2 be considered and a view as to the continuation of the scheme and the proposed variations is provided.

Reason for recommendation: To ensure the proposal for “A Home of Your Own” Scheme (Diyso) Round 2 plus variations are duly considered.

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 the view of the Housing & Community Safety Advisory Committee is sought regarding the continuation of the scheme into Round 2 plus the proposed variations, so as to inform the Portfolio Holder decision.
- 1.6 Two of the proposed variations to Round 2 constitute a Key Decision under the Constitution, for which Cabinet approval is required (see paragraphs 2.2 and 2.3). A separate report to the Housing & Community Safety Advisory Committee has been produced and this is attached as an appendix.

2. The proposed “A Home of Your Own” Scheme (Diyso) Round 2 is as follows:

- 2.1 The scheme would largely continue on the basis already approved for Round 1, although four variations to the scheme are proposed as set out in paragraphs (2.2) to (2.5) below. It is proposed Round 2 would provide 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.
- 2.2 Variation 1 – Key Decision. For applicants who are housing association tenants, the value of the home to be purchased may be up to £350,000. In Round 1 the maximum value of the home to be purchased in £250,000. Further details are provided in the Appendix.
- 2.3 Variation 2 – Key Decision. For all applicants, the minimum initial share of the home to be purchased is reduced to a 35% share. In Round 1 the minimum 50% initial share. Further details are provided in the Appendix.
- 2.4 Variation 3. For applicants who are housing association tenants, homes can be purchased anywhere within those Kent local authorities which adjoin the District, or in Medway Unitary Authority. In Round 1, all purchases must be made within the Sevenoaks District.

Justification - outside the District, property prices tend to be lower and therefore applicants would have greater choice and purchasing power. This should encourage more interest in the scheme. Many residents currently living in the District will already be using the services and facilities provided within adjoining settlements, eg. Longfield/Darenth (Dartford Borough) and Northfleet/Vigo (Gravesham Borough). Within the Council’s housing strategy, the priorities of making best use of the existing affordable housing stock and assisting households into home ownership, would be specifically targeted under this variation for existing housing association tenants. Housing mobility within the County is also a priority under the adopted Kent & Medway Housing Strategy.

- 2.5 Variation 4. Single applicants to given the option to purchase a one bedroom home. In Round 1, all applicants are required to buy a minimum two bedroom home. The number of one bedroom purchases permitted would be limited to a maximum of 3 purchases.

Justification - single applicants may not wish to purchase a two bedroom home, preferring instead a one bedroom home which tends to have a lower up front purchase price and on going maintenance costs. Moat suggest the risk of subsequent home moves because the applicant has “outgrown” their home should be minimised. This would be achieved by limiting the number of one bedroom purchases permitted to 3 purchases .

- 2.6 The variations proposed in paragraphs (2.2) and (2.3), entail higher scheme costs. 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 in paragraphs (2.2) and (2.3) 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). However it is highly unlikely the “worst case” scenario will be encountered on every purchase. Moat would use any unallocated funding to secure additional purchases under the scheme (i.e. 13 purchases or beyond). An additional on cost would be generated for each additional purchase.

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 all the variations set out in paragraphs (2.2) to (2.5) are approved, or just some of them are approved, or none of them are approved. However market intelligence suggests unless the 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 and single people.
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 all the variations set out in paragraphs (2.2) to (2.5) are approved, or just some of them are approved, or none of them are approved. However market intelligence suggests approval of all 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