



Cabinet
12 October 2020

**Report from
Strategic Director, Community Well
Being**

Shared Ownership Sales and Marketing Policy

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt:	Open
No. of Appendices:	One Appendix 1: Shared Ownership Sales and Marketing Policy
Background Papers:	None
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1.0 Purpose of the Report

- 1.1 The purpose of this paper is to present a new Shared Ownership Sales and Marketing Policy for review and approval.
- 1.2 The Council is building a minimum of 1000 Council homes for Brent residents as part of its New Council Homes Programme (NCHP). Though the Council does not currently intend to develop any shared ownership homes as part of this programme, it may do so in the future depending on the outcome of the government's current consultation on affordable housing. Furthermore, if the Council begins to purchase land, it may become necessary to develop shared

ownership homes if the financial appraisal requires the mix of tenure to include shared ownership to enable a viable social housing scheme.

- 1.3 Additionally, the Council has acquired a s.106 scheme (Grand Union, Alperton), which includes shared ownership properties so we do need to have a policy for their sale and marketing in place and we are likely to be interested in other s.106 schemes. This may also be the case for i4B and FWH should their Boards decide to deliver Shared Ownership homes.
- 1.4 In line with the [regulatory requirements set out by the Homes and Community Agency \(HCA\)](#) (now Homes England), and the [Greater London Authority \(GLA\)'s Affordable Housing Capital Funding Guide](#), this policy sets out how these new shared ownership homes will be marketed and sold.
- 1.5 There is a chronic shortage of social housing in Brent, highlighted by our recent Poverty Commission, which called for us to build on our ambitious council housing programme to develop an even greater number of social homes.:

Whilst the council is not intending to develop its own shared ownership homes, and certainly does not consider shared ownership to be a social housing option, we do recognise that shared ownership plays a role in providing a more affordable opportunity for home ownership. With a lower deposit to pay upfront, shared ownership is one way for people who have been financially impacted by the pandemic, such that they are no longer able to afford sufficient deposit to buy a home outright, to become homeowners nonetheless.

- 1.6 Other housing providers in Brent who are building new shared ownership units are encouraged to adopt the approach to prioritising applications outlined in this policy.
- 1.7 It is important to note that the Mayor of London has a set standard for many aspects of the sales, marketing and management of shared ownership homes i.e. eligibility, rent level, service charges etc. What the Council does have control over and is presented to Cabinet, is the priority listing for allocations, exemptions and allocations to elected members, staff and their relatives.
- 1.8 It is also necessary to note that the government is currently consulting on changes to the shared ownership scheme. Some of the proposed administrative changes differ from what is contained in the current policy. However, it is not known which of the proposed changes will be confirmed and/or when a new scheme will commence.

2.0 Recommendations

Cabinet is asked to:

- 2.1 Note the contents of this report;
- 2.2 Approve the content of the draft Shared Ownership and Sales Marketing Policy;

- 2.3 Delegate Authority to the Strategic Director for Community Well Being in consultation with the Lead Member for Housing and Welfare Reforms to make relevant changes to the Shared Ownership and Marketing Policy arising from any relevant changes to legislation or statutory guidance made by central Government

3.0 Context

- 3.1 Shared ownership, which is classed as an affordable housing product, enables households to purchase a share in a new home and pay a regulated rent via a lease arrangement on the remaining unsold share.
- 3.2 In recent years, shared ownership has become a more accessible home ownership product meaning more people are eligible than ever.
- 3.3 As the purchaser only needs a mortgage for the share they are purchasing, the amount of money required for a deposit is typically a lot less than the amount needed when buying a home outright.
- 3.4 The purchaser then has the opportunity to increase their share in the property through a process known as 'stair casing.' In line with the policy, this will be in chunks of 25%.
- 3.5 Once stair-cased to 100% in shared, the purchaser will officially become the homeowner and will no longer have to pay rent, only their mortgage along with any applicable service charge.
- 3.6 The Council currently has 23 shared ownership homes in the pipeline, as part of the Grand Union development which the council has purchased through Section 106. Additionally, the Council will continue buying s106 schemes that include shared ownership and so it is necessary to have a policy in place to guide how they will be allocated.

4.0 Meeting Council Objectives

- 4.1 In accordance with the Borough Plan 2019-2021, the Council is committed to delivering 5,000 new affordable homes in the next five years.
- 4.2 Although the Council accepts that shared ownership helps to meet specific housing need for some residents in the borough, social rented housing remains the priority. The NCHP was specifically implemented to deliver at least 1000 of these 5000 homes.
- 4.3 Under the NCHP, 138 homes have been completed, 695 are currently onsite being built, 332 have planning consent and going through procurement for developers, 170 have been submitted for planning consent and 516 are in feasibility. There are 19 other sites being explored. The Council's intention is to continue building good quality and affordable rented homes that meets the needs of Brent residents.
- 4.4 To deliver the additional 4000, the Council is committed to providing a range of affordable housing options that meet both the housing needs and aspirations of Brent residents, and this includes shared ownership.

- 4.5 The Council is in favour of shared ownership as it is an affordable housing product that will meet the needs of some of the households in Brent, who may not earn enough to buy a property at full value but earn too much to qualify for affordable rented products. These are mainly the people paying expensive rents in the private sector, disabling them from being able to save and buy their own homes.
- 4.6 Additionally, evictions in the private sector are currently the number one reason for homelessness in Brent, which means this group of people are subject to homelessness and/or frequent home moves. By prioritising these households when allocating the homes, there will be more capacity to tackle homelessness.
- 4.7 Also, there are potentially Council tenants who, although have a right to buy their homes, cannot afford to obtain a mortgage for the full value of their homes. Such tenants may be attracted to a shared ownership product, freeing up their existing homes for the council to let to households on the Housing Register.
- 4.8 Through this affordable home ownership product, our residents can have more tenure security, stay in Brent and potentially contribute more to the community.

5.0 Shared Ownership Sales and Marketing Policy

5.1 This policy has been developed to set out the Council's approach to selling shared ownership homes and to raise awareness of the scheme to applicants, and inform them of the responsibilities of becoming a homeowner.

5.2 The aim of this policy is to:

- support Brent residents to meet their housing needs and aspirations
- ensure that the Council's shared ownership homes are purchased fairly and transparently
- ensure that applicants who purchase a shared ownership property can afford it
- ensure all sales are compliant with the regulatory requirements of Homes England the GLA
- enable a quick and efficient sales process

6.0 Eligibility

6.1 As detailed in the policy, to be eligible for a home on a shared ownership basis, you must:

- Be aged 18 years or over
- Be able to afford at least 5% of the equity being purchased
- Have a household income of less than £90,000
- Be unable to purchase a home on the open market without assistance
- Not have any mortgage or rent arrears
- Have good credit history

- Applicants who are self-employed will need to provide three years' worth of audited accounts evidencing that the mortgage and rent payment for the shared ownership property will be affordable.
- Not own a home (exceptions made in cases where applicants current home no longer meets their housing needs or due to a relationship breakdown which causes a household split)

6.2 In such cases, existing homeowners wishing to apply for a Brent shared ownership home must:

- have their name removed from the previous mortgage; or
- be in the process of selling their existing home and be able to demonstrate it is no longer suitable (e.g. overcrowded)

7.0 Exemptions

7.1 Exemptions may include (but are not limited to) individuals whose financial commitments such as high childcare or child maintenance payments reduce their ability to afford to buy a home on the open market. This will be assessed on a case-by-case basis.

7.2 The Operational Director of Housing has authority to approve any exemptions to the criteria included in this policy. All exceptions will be monitored to ensure the Council's shared ownership properties are targeted to those most in need.

8.0 Priority

8.1 Where there is a shortage of housing, such as in Brent, both serving and former military personnel must be given priority.

8.2 Following this, whilst the government has removed any requirement to prioritise other group, the Council has adopted local criteria meaning applications will be prioritised as follows:

- Existing Council or housing association tenants
- Households on the Housing Register
- Key workers (within the London Borough of Brent definition)
- First-time buyers
- All other Brent residents
- Applicants living outside of Brent

8.3 The term of the lease purchased will be 125 years and charges will be set and administered in accordance with current legislation, including the production of annual accounts.

9.0 Elected members, staff and their relatives

9.1 Elected members, staff and their relatives are eligible to apply for council shared ownership properties. All applications, including those from elected members, staff and their relatives will be assessed in line with the process set out in this policy.

9.2 Following this assessment and before an allocation is made, final approval must be provided by the Operational Director of Housing and Head of Audit for any allocation to staff and their relatives and by the Chief Executive and the Head of Audit for any allocation to elected members and their relatives.

10.0 Other details

10.1 For the first year, the contractor who built the property remains responsible for rectifying defects at no cost to the owner.

10.2 At the end of the 12-month period, it will be the responsibility of the buyer to carry out any internal repairs to their home.

10.3 Leaseholders (shared owners of a flat) may be able to sublet their property, subject to the terms of their lease and following written consent from Brent Council. If a leaseholder sublets their property they will become a landlord and are expected to comply with the rules and regulations imposed on landlords.

11.0 Next Steps

11.1 Public consultation regarding the implementation of this policy has not been necessary. This is because aspects such as eligibility, rent and service charges have been set nationally and have been adopted in line with the Mayor of London's guidance and therefore do not require further feedback.

11.2 Further actions to take include amending and writing documentation in relations to the policy i.e. amending the Council's Leasehold Management Policy to include the management of shared ownership homes.

11.3 Other documentation includes business protocol for the Housing Needs Service to utilise when allocating the shared ownership homes, as well as the Housing Management Service who will manage the homes.

12.0 Legal Implications

12.1 Section 32 of the Housing Act 1985 provides that specific consent must be obtained from the Secretary of State prior to the sale of Housing held for the purpose of part II of the Housing Act 1985.

12.2 Secretary of State General Consent 2013 provides for the Council to grant shared ownership leases in respect of property acquired pursuant to part II of the Housing Act 1985 (for housing purposes) without requiring the specific permission of the Secretary of State.

12.3 Section 17 of the Housing Act 1985 provides the Council with powers to acquire houses, or buildings, which may be made suitable as houses, together with any land occupied with the houses or buildings.

13.0 Financial Implications

- 13.1 The financial appraisal of building and acquiring new build schemes are assessed on a site by site basis. Factors such as funding streams, local tenure mix, and payback period are taken into account when considering if shared ownership properties should be offered in a scheme. Shared ownership properties purchased by Brent will be managed within the Councils Housing Revenue Account (HRA)
- 13.2 Funding of shared ownership acquisitions by the Council will require borrowing, in addition to GLA grants received. Capital receipts received through shared ownership sales will be ring-fenced within HRA, and utilised towards financing and repayment of debt.
- 13.3 Expenditure incurred by Brent Housing Management for management and maintenance of communal areas such as cleaning, gardening and lift works, are re-charged to shared ownership leaseholders by way of service charges. Leaseholders are consulted about major works and improvements such as external fabric works to the building, as required by Section 20 of the Landlord and Tenant Act 1985.
- 13.4 Cost of internal repairs and maintenance of shared ownership properties after the first year, are the responsibility of the leaseholder and will not be a cost to the Council.

14.0 Equality Implications

- 14.1 Pursuant to section 149 of the Equality Act 2010 (“the Act), The Council has a duty to have ‘due regard” to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act, advancing equality of opportunity between persons with a protected characteristic and those without, and foster good relations between persons with protected characteristics and those without.
- 14.2 The protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership but to a limited extent.
- 14.3 Equalities Impact Assessment of the Borough Plan and Housing Strategy, which includes the priority to deliver affordable housing within Brent, has previously been completed and identified that it will have an overall positive impact on all sections of the community.

15.0 Consultation with Ward Members and Stakeholders

- 15.1 This policy has been discussed with the Lead Member for Housing and Welfare Reforms. Once agreed, it will be circulated to all Ward Members.

16.0 Human Resources / Property Implications

16.1 There are no HR implications in relation to this report.

16.2 The purchase of further shared ownership homes will be subject to separate reports as and when necessary.

Report Sign Off

PHIL PORTER

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