

Item

## Shared Ownership Policy

**To:**

Councillor Mike Todd-Jones

Housing Scrutiny Committee      Date: 23<sup>rd</sup> September 2021

**Report by:**

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**Wards affected:**

All

Not a Key Decision

### 1. Executive Summary

- 1.1 As at the 1<sup>st</sup> April 2021, Cambridge City Council had 96 units of Shared Ownership in the City. A Shared Ownership Policy has been produced to outline the Council's approach to the management of the current units of shared ownership within the Housing Revenue Account, as well as the approach the Council will take to support current shared owners in working towards or achieving 100% ownership.

### 2. Recommendations

- 2.1 The Executive Councillor is recommended to:

2.11 Approve the Shared Ownership Policy for current stock.

2.12 Agree that the Council promotes staircasing, to 100% ownership where financially feasible, with current Shared Ownership Leaseholders.

- 2.13 Agree the revised approach for deciding on the repurchase of shared ownership units.

### **3. Background**

- 3.1 Since 1988, the Council has offered shared ownership as an affordable way to purchase a home within the City. The homes offered are a mix of flats and houses, and the City currently has 96 units, at various share levels, in stock.
- 3.2 A business case approach was adopted in 2014 that considered the criteria that should be applied prior to a decision on whether to repurchase shares in shared ownership properties. Several criteria were used to inform the decision whether the Council was best placed to repurchase the property for re-sale. Due to the varying terms of the leases in place, the council cannot always nominate the property directly to the Homes England website (where the transaction to a new buyer takes place without Council involvement) and therefore has to repurchase using Council funds, advertise the property and find a buyer as quickly as possible to avoid significant void loss. There is also the issue of any repairs or maintenance required prior to re-sale for which the service does not have a budget.
- 3.3 A very small number of properties have been re-purchased by the Council for re-sale and the success of this approach has been varied; the average void time over the previous ten years was around twenty-eight weeks, with individual property void times ranging from eight to eighty-eight weeks before a buyer was found. This financial loss, plus the officer time and the costs of repairs has been borne by the council. Because of this, plus lack of funding, the majority of re-sales have been via the open market or the Help To Buy website (see below).
- 3.4 The first newly built shared ownership units in recent years were at Scholar's Court, Homerton in 2016/2017, and sold successfully. The further Virido development in 2016/2017 had mixed success; 12 2-bed flats were incorporated into general needs stock due to lack of interest after months of marketing and significant void losses.
- 3.5 Shared Ownership since 2016 uses the Homes England standard lease, where the ability to nominate a purchaser from the Help To Buy website means the Council does not have any involvement in the transaction so no time is spent or costs are incurred. There is a

significant amount of incremental staircasing and purchasing outright in the newer stock.

- 3.6 There have been a number of outright purchases and some incremental staircasing in the older shared ownership stock in recent years, but not at the rate experienced in the newer stock. The Housing Service will look to encourage staircasing to help shared ownership leaseholders achieve outright home ownership in the City; ensuring all shared owners know the options available to them and the likely costs, via an updated website and various communications. Where possible the Council would look to offer incentives to encourage incremental staircasing up to 100%, including looking at the provision of reduced rate or free valuations, and/or reduced administration costs where the council incurs a fee, where these costs can be offset by income to the Housing Service in other areas.
- 3.7 As part of this review, the project team revisited the 2014 business case for repurchasing older shared ownership stock. Due to the difficulty previously experienced of reselling of older shared ownership stock, going forward the council will only look to re-purchase a shared ownership unit where there is a case for the property being suitable for use as general needs stock. In all other scenarios, the council will advise the shared ownership leaseholder to sell their share according to the terms of their lease. All the leases currently in use require any new purchaser to use the property as their main and principal home, thus ensuring no property can be used for profit.
- 3.8 A number of factors will need to be considered prior to re-purchasing:
  - 3.81 Whether funding is available (it is expected a suitable budget will be requested each year to enable a small number of repurchases of shared ownership and or leaseholder property)
  - 3.82 Whether there is an identified need for that property e.g., a property which is adapted or particularly suitable to be adapted to meet the needs of an identified housing applicant, whether the property is in high demand, either from the Housing Register, or providing a housing solution to a specific group of clients under the remit of for example, the Housing Advice Service.
  - 3.83 Whether there is current demand on the housing register for the size of property to be re-purchased.
  - 3.84 The condition of the property, including the cost to achieve a lettable standard.

3.85 Any other factors which need to be considered to ensure best use of the property.

- 3.9 The Housing Service has introduced tenancy audits across its general needs stock; shared ownership units will be included in this programme in order to pick up any management and maintenance issues and achieve the objectives of the Shared Ownership Policy.
- 3.10 This Policy addresses the way the City will manage the shared ownership units in stock in general terms; there are 7 different leases in use, each with slightly different terms and conditions. The Policy stresses the importance of shared ownership leaseholders referring to their own lease for clarification of their, and the council's, responsibilities.
- 3.11 Section 7 of the Policy outlines the responsibilities around building insurance. This is of particular note for any shared ownership leaseholders living in flats where the council is responsible for insurance; the Council's policy is a commercial policy and does not offer residents the same level of cover that a domestic policy would. The Policy recommends that those leaseholders, where the council is the insurer, look to take out a further policy that offers cover for domestic issues such as alternative accommodation whilst any structural works are carried out. Affected leaseholders would need to satisfy themselves that any further insurance acknowledges the existence of a commercial policy attached to the building, and that the insurer will make payment for a structural event in full knowledge of this.

## **4. Implications**

### **a) Financial Implications**

To enable the Council to react on notification of an opportunity to purchase a shared ownership property that fits the re-purchasing criteria, a suitable budget will be identified as part of the annual budget setting process.

### **b) Staffing Implications**

The Home Ownership Team does not have a dedicated shared ownership resource in place, so the general management of the service, setting and issuing rents and service charges, administering

staircasing, dealing with disputes or complaints, chasing arrears and other tasks are undertaken by a skeleton staff across various teams in Housing. If, after promotion of staircasing or by providing incentives to staircase result in further work for the team, the need for extra resource will be explored.

If agreed, the recommendation to cease re-purchasing shared ownership units for re-sale will reduce the administrative resource required for shared ownership.

Where shared ownership properties are repurchased for social housing general needs or project specific purposes, support will be provided by Housing Finance and Business Development, City Homes, Maintenance & Assets and Homelessness & Housing Advice.

### **c) Equality and Poverty Implications**

As part of the Council's commitment to encouraging outright home ownership in the City, the council will communicate with shared owners the benefits of staircasing but recognises that this may not financially be an option for all shared owners.

Options will be explored to provide financial incentives for staircasing for current shared owners where possible, including reduced rate valuations and/or administration costs where the Council could reasonably bear the cost due to income from other areas of the Housing Service.

The opportunity to purchase a Council shared ownership property, when they are offered for sale, remains available to qualifying buyers via the Help To Buy website or the open market.

Purchasing a shared ownership property for use as general needs stock provides the council with extra units for those waiting for a property on the housing register.

An Equality Impact Assessment has been attached as part of this report.

### **d) Environmental Implications**

There are no environmental implications connected with this Policy.

#### **e) Procurement Implications**

There are no procurement implications connected with this Policy.

#### **f) Community Safety Implications**

g) There are no community safety implications connected with this Policy.

### **5. Consultation and communication considerations**

- 5.1 Shared Ownership leaseholders will be contacted via paper-based and online communication channels to advise them about the new policy, promote staircasing and advise on their options for selling their share should they wish to do so. The Council's shared ownership web pages will be reviewed and updated to include the new Policy, offer links to financial advice and assistance as well as provide an annual web-based survey, that will look to obtain feedback on aspects of shared ownership management as required.

### **6. Background papers**

- 6.1 No background papers were used in the preparation of this report.

### **7. Appendices**

Appendix A –Shared Ownership Policy 2021  
EqIA – Shared Ownership Policy

### **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Catherine Buckle, Business Development Manager (Housing), 01223 457261, [catherine.buckle@cambridge.gov.uk](mailto:catherine.buckle@cambridge.gov.uk)