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**BROMSGROVE LOW COST HOUSING SCHEME**

Relevant Portfolio Holder	Councillor Rita Dent
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sue Hanley
Wards Affected	<b>All</b>
Ward Councillor Consulted	
Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

- 1.1 Bromsgrove District Council launched a low cost housing scheme approximately 25 years ago. Through this scheme the Council has a 30% share in each of 118 properties.
- 1.2 The Council does not run a waiting list for applicants to these properties as they don't come up for sale often and the scheme does not provide for this affordable housing to remain in perpetuity.
- 1.3 Officers are proposing that contact is made with the current owners of the remaining Low Cost Housing Scheme properties to ascertain the appetite amongst existing owners to stair-case up to full ownership should the Council develop an incentive scheme which enables them to do so.
- 1.4 This will enable the Council to reinvest this capital funding into a more fit for purpose affordable housing scheme.
- 1.5 Officers will report to Cabinet on the outcome of the consultation and should sufficient interest be expressed by home owners, officers will bring back to Cabinet a further report with a number of proposals for an incentive based on the response from current owners.

**2. RECOMMENDATIONS**

- 2.1 That authority be delegated to the Strategic Housing Manager to consult with current owners on purchasing the Council's 30% share in their property.
- 2.2 Officers report back to the Cabinet the outcome of the consultation and if required suitable schemes for the disposal of the Council's share and re-investment of the capital receipt.

**3. KEY ISSUES**

**Financial Implications**

- 3.1 The financial implications at this time are the cost of stationary and postage and officer time analysing the response. These costs can be met through existing resources.
- 3.2 Existing owners staircase out infrequently and the capital receipt varies from property to property. Officers anticipate an average value of the Council's 30% share being in the region of £40,000 per property. There are currently 118 properties remaining in the scheme.

**Legal Implications**

- 3.3 None at this stage

**Service / Operational Implications**

- 3.4 The current Low Cost Scheme has been running for approximately 25 years. The original eligibility criteria of the scheme were to ensure these properties were allocated to those clients who were unable to purchase on the open market and Officers consider it is no longer fit for purpose.
- 3.5 There is no waiting list for these properties and officers have struggled to find applicants who we can nominate for resale properties. These properties are then offered on the open market at which point they can be sold at 70% or 100% value with the Council receiving a capital receipt for their 30%.
- 3.6 The original scheme design means that the Council has no control over who purchases these properties on the open market if the Council is unable to nominate a purchaser. There are no affordability criteria and no mechanism to check if the purchaser would be able to afford to purchase on the open market. If we are unable to nominate a purchaser any control is lost over who buys the property.
- 3.7 Owners are able to purchase the Council's share at any time should they want to.
- 3.8 Officers proposed that, should there be sufficient interest from existing homeowners in purchasing the Council's share, that the capital receipt be ring-fenced to fund future affordable housing that is appropriate at the present time and going forward into the future

**Customer / Equalities and Diversity Implications**

- 3.10 The original intention of the scheme was to enable clients who could not afford to purchase on the open market to purchase at 70% open market value with the option to purchase the remaining 30% at a later stage
- 3.11 It will be made clear to existing owners that if they do not wish to purchase or are not in a position to do so they will be able to remain in their homes on the existing terms.

**4. RISK MANAGEMENT**

- 4.1 That an unrealistic expectation will be raised amongst remaining owners as to the financial incentive that may be on offer

**5. APPENDICES**

Appendix 1 -  
Appendix 2 -

**6. BACKGROUND PAPERS**

**7. KEY**

**AUTHOR OF REPORT**

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