

BROMSGROVE DISTRICT COUNCIL

CABINET

3RD MARCH 2010

BROMSGROVE LOW-COST HOUSING SCHEME

Responsible Portfolio Holder	Cllr Peter Whittaker
Responsible Head of Service	David Hammond
Key Decision No	

1. SUMMARY

- 1.1 Since 1989 Bromsgrove District Council has operated a Low-Cost Housing Scheme involving 222, one two and three bedroom houses sold to first time buyers at 70% of market value. The purchasers then had the opportunity to staircase out to full ownership and a number have exercised this right meaning that there are now only one hundred and twenty properties left in the scheme.
- 1.2 The current eligibility criteria is restricted to applicants who live in Bromsgrove District. Currently there is little demand for these properties, and there are only fifteen applicants on the Low Cost Housing waiting list. Low demand is partly due to the current difficulties of obtaining mortgages for these types of affordable properties and partly due to lack of awareness of the scheme. As properties only become available occasionally with very little notice the applicants on the list are rarely in a position to move and the properties then have to be passed to estate agents for open marketing to any potential purchasers who may be from outside the District.
- 1.3 This report therefore proposes an extension to the eligibility criteria and revised methods of marketing the scheme and properties that become available for sale.

2. RECOMMENDATION

- 2.1 That members approve extending the eligibility criteria to align with the local connection criteria for the housing register and include applicants who are employed in Bromsgrove District and those who have family already resident in the District. Whilst more restrictive than general access to the Housing Register the changes are intended to ensure that maximum benefit of the scheme is available to address local housing need. .
- 2.2 That members approve the marketing of Low-Cost resale properties using the advertising opportunity available via the Home Choice Plus, Choice Based Lettings Scheme

3. BACKGROUND

- 3.1 Between 1989 and 1992 the Council enabled the provision of two hundred and twenty one, two and three bedroom first time buyer homes built on sites in Wythall, Alvechurch, Sidemoor and Stoke Heath alongside open market housing. These properties were sold at 70% of their market value with the Council retaining a 30% share by way of covenant.
- 3.2 The objective was to enable local people to access housing at an affordable level at the same time giving them the opportunity to staircase out to full home ownership at some point in the future should they so wish.
- 3.3 There is no rent or interest payable to the Council on the outstanding 30%. The only restriction is that the property has to be offered back to the Council for them to nominate a purchaser from a waiting list held by the Council.
- 3.4 The criteria for accessing the scheme are that clients have to be resident in Bromsgrove District, and have not owned a property in the preceding two years unless that property was in joint names.
- 3.5 The criteria for being nominated for a property is as follows:
 - First priority on the waiting list is given to new applicants who are Council tenants (or Housing Association Tenants) and are able to give vacant possession of their Council home (or Housing Association home) to the Council (or Housing Association) on completing the purchase of their new low cost home.
 - Second priority on the waiting list is given to other new applicants who qualify, in the order in which they first contacted the Council to register their interest in a low cost home, (priority for the Alvechurch and Hollywood schemes is given to applicants living the northern and eastern parts of the Bromsgrove District).
- 3.4 Members will note that in this original criteria, priority for nomination is given to applicants in social housing which would thus free up a unit of social housing for rent to clients on the Council's waiting list. There is no proposal to change this.
- 3.5 Historically there has been steady demand for these properties. However recently this has reduced and two properties have had to be sold through an estate agent. The result being that properties built for the benefit of Bromsgrove residents could be purchased by someone from outside the District. There are several reasons for this mainly the difficulty in obtaining a mortgage in the current economic climate and the need to have a larger deposit than previously required.

- 3.6 In an attempt to raise awareness of the scheme, leaflets have been produced and distributed, the scheme has been advertised in Together Bromsgrove and the Council's website has been updated. However interest remains low.
- 3.7 It is proposed that in order to retain some control over the nominations to these properties and prevent them having to be sold on the open market we should extend the eligibility criteria to include applicants who are employed in the District and to applicants who already have family living here. Priority would still be given to current residents.
- 3.8 Members are therefore asked to approve the revised criteria for the allocation of Low Cost Housing Scheme Units that become available for resale as set out at Appendix 1 of this report.
- 3.9 In addition, in an attempt to reach a larger client group, it is proposed that Low Cost Housing Scheme applicants registered on the current waiting list are advised to register on the Home Choice Plus Choice Based Lettings Scheme and that properties that become available are advertised on the Home Choice Plus website. A nomination will then be selected from the shortlist as set out at Appendix 1.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications to the Council as there will be no charge to the Council for advertising on Home Choice Plus.

5. LEGAL IMPLICATIONS

- 5.1 There are no legal implications

6. COUNCIL OBJECTIVES

6.1 Community and Wellbeing:

- Raises awareness with local people of affordable housing choices in Bromsgrove.
- Priority will continue to be given to applicants living in social rented properties thus freeing up property for someone else to rent.
- In accessing Home Choice Plus clients can see other housing options that may be available to them e.g. private rented.
- Increases the likelihood of a property being purchased by someone with a local connection to the district rather than encouraging migration from other districts.

6.1 Improvement:

Improves the service to Low Cost home owners selling properties who have no alternative under the terms of the covenant but to offer the property back to the Council for a nomination.

7. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

7.1 The main risks associated with the existing criteria and marketing methods are:

- The vendor has to pay for an independent valuation before the property can be marketed. The Council could be criticised for failing to explore all marketing methods to find a purchaser having charged for that valuation. The proposed changes improve marketing options.
- The Council has invested funds in providing a Low Cost Home Ownership solution for Bromsgrove people who cannot afford open market housing. The current restrictions of the scheme and difficulties in marketing properties that do become available for resale mean that finding potential applicants in housing need with the ability to raise a mortgage are limited. There is a risk that this assistance goes to clients who have less need and no connection with Bromsgrove. The proposals improve access and awareness to the scheme.
- The Home Choice Plus scheme is a web based initiative that requires applicants to access the internet in order to view available properties. This means that applicants who do not have internet access may be disadvantaged. However an action plan is in place to improve access and awareness.

7.2 These risks are being managed as follows:

- By advertising the property on Home Choice Plus this guarantees that the property can be seen by the 2700 clients registered with Home Choice plus as opposed to the fifteen applicants currently on the Low Cost waiting list and are consequently more likely to be sold to someone in housing need who has a connection to the District.
- Clients can browse the Home Choice Plus website prior to registering thus there is the potential that a large number of other people will become aware of the scheme.
- Applicants will be asked to contact the Housing Enabling and Monitoring Officer if they require assistance in accessing Home Choice Plus so that a record of their contact details can be maintained and they can continue to be contacted in writing should a property become available

7.3 There are no health and safety implications

8. CUSTOMER IMPLICATIONS

- 8.1 There will be no impact on internal customers. External customers i.e. the current Low Cost waiting list, will be contacted and advised of the change in the scheme and asked to register with Home Choice Plus, the choice based lettings scheme. Applicants will be advised in writing that the Council will not be writing to them individually in future unless they request assistance to access Home Choice Plus. The website and leaflets will be revised to reflect the changes
- 8.2 Relevant staff such as customer service advisers at the HUB will be trained to give advice to customers in the changes to accessing the scheme.
- 8.3 Utilising Home Choice Plus will improve the customer journey into housing as they will be able to complete a single application form to access a range of housing options such as social rented, private rented, shared ownership as well as the low cost housing scheme.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

- 9.1 It is anticipated that by using Home Choice Plus more applicants from a range of equality and diversity groups will be made aware of the low cost housing scheme

10. VALUE FOR MONEY IMPLICATIONS

- 10.1 The scheme is more likely to achieve its objectives of providing a housing option for those with a local connection to the District who cannot afford open market housing. therefore making best use of the Council's investment of funds into the scheme.
- 10.2 There will be saving on postage and stationary costs as mails shots will no longer be sent out.
- 10.3 Staff time in driving to a location to take a photograph for advertising will be offset against the staff time in organising a mail shot.

11. CLIMATE CHANGE AND CARBON IMPLICATIONS

- 11.1 An officer will have to make a journey to go out to take a photograph of the property for it to be advertised.
- 11.2 By encouraging the use of a web based service there will be a reduction in use of paper

12. OTHER IMPLICATIONS

Procurement Issues None
Personnel None
Governance/Performance Management None
Community Safety including Section 17 of Crime and Disorder Act 1998 None
Policy None
Biodiversity None

13. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Joint Chief Executive	Yes
Executive Director - Partnerships and Projects	Yes
Executive Director - Services	No
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services)	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

14. WARDS AFFECTED

All wards

15. APPENDICES

Appendix 1: New Criteria for the Bromsgrove Low Cost Waiting List.

16. BACKGROUND PAPERS

There are no background papers

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Appendix 1

Revised Criteria for Bromsgrove Low-Cost Housing Scheme

Applications for the scheme will be accepted from people who are

- Resident in the Bromsgrove District Council area
- Work in Bromsgrove District Council Area
- Have relatives already resident in Bromsgrove District Council Area

Nominations will only be given to people who meet the above criteria and are:

First time buyers **or**

Applicants who have not owned a property in the previous two years unless the previous home ownership was in joint names and this application is a sole application.