

Cheltenham Borough Council
Leader Allocation 15th March 2021
CBC shared ownership sales

Accountable member	Councillor Rowena Hay, Leader of the Council
Accountable officer	Dominic Stead, Head of Property and Asset Management
Ward affected	Various
Key Decision	Yes
Executive summary	<p>The principle of providing mixed tenure developments and maximising the provision of affordable housing on developments is well established and agreed between CBC/CBH Officers and Cabinet colleagues.</p> <p>The current and pipeline development programme, which CBH is delivering on behalf of and in partnership with CBC, includes a number of properties for shared ownership tenure. In the immediate term, there is one property on the site at 102 Prestbury Road (Cordwainers Road), 5 x shared ownership homes on the site at Monkscroft Villas (due for completion end April 2021) and a further 2 x shared ownership homes on the site at Brockhampton Lane (due for completion in the Autumn).</p> <p>The sale of shared ownership properties is to be in accordance with the stipulations outlined in the Homes England Capital Funding Guide which outlines the rules and procedures that must be followed. CBH is well versed in ensuring adherence to the specifics noted in the Capital Funding Guide.</p> <p>A detailed Shared ownership sales policy has been drafted and is due to be considered at Cabinet in due course, currently programmed for 27th April 2021.</p> <p>In order to facilitate timely executive decisions and enable timely sales of shared ownership properties, we are seeking approval from the Leader of the Council to allocate the specific decisions surrounding the disposal of shared ownership properties to CBC Head of Property and Assets, in consultation with the Borough Solicitor.</p>
Recommendations	To authorise the Head of Property and Asset Management, or in his absence, the Executive Director – Finance and Assets, and in consultation with the Cabinet Member Finance and Assets, to take all decisions necessary (including key decisions) to enable the disposal of HRA CBC new build properties for shared ownership tenure in accordance with the Homes England Capital Funding Guide requirements. This decision relates to the provision of shared ownership homes developed that are within already approved Budgets.

This includes the following:

- 1. Approving the leasehold disposal of the property at the agreed price and initial % equity share;**
- 2. Approving the mortgage offer (informed by an independent mortgage advisor appointed by the prospective shared ownership purchaser, and in accordance with the Homes England affordability assessment);**
- 3. Approving any subsequent staircasing request, including the disposal of the freehold where staircasing will total 100% equity share;**
- 4. Approving the legal documents associated with a shared ownership disposal (including but not limited to shared ownership lease, transfer).**

Financial implications	<p>The costs associated with developing HRA shared ownership properties is included in the HRA Budget as approved at Council in February 2021.</p> <p>In accordance with the Homes England Capital Funding Guide, each prospective shared ownership applicant is subject to an affordability assessment to ensure that applicants are capable of purchasing their initial share and sustaining all associated payments thereafter.</p> <p>The proposed rents to be charged will be in accordance with the CFG guidance.</p> <p>Contact officer: Paul Jones, Executive Director – Finance & Assets</p> <p>Paul.jones@cheltenham.gov.uk</p> <p>01242 265154</p>
Legal implications	<p>The Council has power under s32 of the Housing Act 1985 and the General Housing Consents 2013 to dispose of dwellings on a shared ownership basis.</p> <p>The documentation will have regard to any relevant regulations in place at the time of disposal.</p> <p>Contact officer: One Legal</p> <p>legalservices@teWKesbury.gov.uk</p> <p>01684 272696</p>
HR implications (including learning and organisational development)	<p>There are no direct HR implications arising from this report.</p>
Key risks	<p>Please see risk assessment at Appendix 1 of this report.</p>
Corporate and community plan Implications	<p>By increasing the provision of new affordable housing across a variety of tenures, we will be supporting our key strategic priority to increase the supply of housing and to invest in building resilient, sustainable communities. This also supports our place vision, which is for Cheltenham to be a place where people and communities thrive.</p>
Environmental and climate change implications	<p>The new homes delivered will be developed to meet Building Regulations requirements as a minimum. Where possible, and where CBC owns the development site, the specification will be enhanced to exceed these standards, as is the case on the site at Monkscroft Villas.</p>

Property/Asset Implications	As outlined in the report. Contact officer: Dominic Stead, Head of Property and Assets Dominic.Stead@cheltenham.gov.uk 01242 264151
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1. Background

- 1.1** The principle of providing mixed tenure developments and maximising the provision of affordable housing on developments is well established and agreed between CBC/CBH Officers and Cabinet colleagues.
- 1.2** The current and pipeline development programme, which CBH is delivering on behalf of and in partnership with CBC, includes a number of properties for shared ownership tenure. In the immediate term, there is one property on the site at 102 Prestbury Road (Cordwainers Road), 5 x shared ownership homes on the site at Monkscroft Villas (due for completion end April 2021) and a further 2 x shared ownership homes on the site at Brockhampton Lane (due for completion in the Autumn).
- 1.3** The future development pipeline will also include a number of homes for shared ownership tenure, to support our collective ambition to bring about a step change in housing delivery over the coming years across a variety of tenures.

2. Reasons for recommendations

- 2.1** To facilitate timely executive decisions and enable timely sales and occupation of shared ownership homes.

3. Alternative options considered

- 3.1** We are seeking delegated authority to enable timely decisions on each and every specific shared ownership sale to be made. Should this not be supported and further Cabinet approvals be required this would cause delays in securing shared ownership sales and therefore it is recommended that this option is discounted.

4. Consultation and feedback

- 4.1** The principle of CBC/CBH pursuing mixed tenure developments which include providing shared ownership properties is well established and agreed with Cabinet Members and Senior CBC/CBH Executive Members (via SHDG and OWG).
- 4.2** It is agreed at Officer level that the need for timely sales transactions is critical to enable shared ownership properties to be occupied as soon as possible.

5. Performance management – monitoring and review

- 5.1** The governance of new build which includes shared ownership properties and sales is overseen and monitored by the joint CBC/ CBH Strategic Housing Delivery Group (SHDG), OWG and Cabinet Member Working Group (CMWG). These forums oversee the delivery of the development programme, which includes shared ownership properties.

Report author	<p>Contact officer:</p> <p>Alison Salter, CBH Head of Development, Alison.Salter@cbh.org</p> <p>01242 387512</p> <p>Dominic Stead, Head of Property and Asset Management</p> <p>Dominic.Stead@cheltenham.gov.uk</p> <p>01242 264151</p>
Appendices	1. Risk Assessment
Background information	1. HRA Budget approved February 2021

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1	If there is a decline in the housing market and reduction in sales values this may impact on our ability to sell the shared ownership properties with a resultant impact on sales receipts with ongoing security potentially required whilst properties remain unoccupied.	Matthew Ward (CBH)	March 2021	3	2	6	Accept	Keep abreast of market conditions, engage regularly with local valuers, work with shared ownership specialists to ensure shared ownership properties are attractive, in the right location where mortgage lenders will provide shared ownership mortgages, actively market properties for sale in advance of handovers to secure reservations and sales off plan.	Ongoing	Matthew Ward (CBH)	
2	If there are not robust policies and procedures in place this may impact on our ability to sell the properties in accordance with the Homes England Capital Funding Guide requirements	Matthew Ward (CBH)	January 2021	3	1	3	Reduce	Have robust policies and procedures in place (Cabinet approval where required) and ensure colleagues are trained in shared ownership and keep abreast of any industry and sector changes that may affect the shared ownership market.	April 2021	Matthew Ward (CBH)	
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - : Reduce / Accept / Transfer to 3rd party / Close.</p>											