

Eden District Council
Housing and Health Portfolio

12 June 2020

Updated Guidance Document for Discounted Sale Housing

Portfolio:	Housing and Health
Report from:	Assistant Director Community Services
Wards:	All
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 To present for approval an updated guidance document for Discounted Sale Housing, setting out the Council's policy and procedure framework within which applications for discounted sale properties are assessed.

2 Recommendation

It is recommended that the updated 'Guidance Document for Discounted Sale Housing' (June 2020) be approved and in so doing replace the current 'Homeseekers' Register Guidance' (November 2010).

3 Report Details

- 3.1 The Council's Homeseekers' Register Guidance sets out the current low cost home ownership procedure and policy guide. The guidance was introduced to manage the sale of low cost home ownership properties in November 2010 and allows residents on the register to be given an opportunity to apply for certification to purchase discounted sale properties within Eden District, subject to the necessary criteria being met.
- 3.2 Since it was first established the Homeseekers' Register initiative has been a great success, with over 220 households now on the register actively seeking a property through the scheme and over 100 discounted sale properties occupied across the District, with more being built and secured through the planning process on a regular basis. The scheme has proven immensely popular both with residents who would otherwise be unable to afford to purchase a property to meet their needs on the open market and with house builders looking for effective ways to deliver this intermediate form of affordable housing.
- 3.3 Despite the success of the Homeseekers' Register it has become clear that there is a need to update the original guidance, particularly in light of the increasing need for affordable housing within Eden District and the increasing number of residents applying to join the scheme. There is a responsibility to ensure:
- a) the procedure operates as effectively as possible and is efficient to administer;

- b) that the policy is up to date, drawing from the local connection criteria for affordable housing in the adopted Local Plan; and
- c) the guidance is based on the latest evidence of affordable housing need within the District.

3.4 The updated 'Guidance Document for Discounted Sale' (Appendix 1) sets out a clear policy framework for the buying and selling of discounted sale properties within Eden. It introduces a streamlined procedure aimed at making the notification, marketing and sales process for discounted sale homes straightforward and effective to administer. It draws on what works well within the current guidance, for example the benefit of maintaining a register of households actively seeking to purchase a discounted sale property, as well as introducing a number of key changes, those of particular note are highlighted as follows:

- **Name of the scheme** - 'Discounted Sales Housing' more accurately reflects the tenure of affordable housing available through the scheme. It's hoped this change will result in less confusion with members of the public seeking affordable rented accommodation and wishing to join the Council's Housing Register.
- **Calculation of affordable housing need** - Currently eligibility is based on an applicant's borrowing potential informed by Government recommendations on responsible borrowing set in 2007, this Government guidance has now been cancelled. The updated guidance takes a more flexible approach, taking into account a person's age, household circumstances, income and savings. In summary, if a household's total available funds would allow them to purchase the discounted sale property at the open market value then they would not be eligible.
- **Local connection criteria** - The updated guidance draws from the standard definition as set out in the Eden Local Plan 2014-2032, however acknowledgment is given that in respect of each individual discounted sale property the local connection criteria is detailed in the corresponding Section 106 Agreement. Unlike the current guidance the updated policy makes clear that in circumstances where no prospective purchaser meeting the local connection criteria has been identified, the Council will consider applicants who do not meet the required local connection criteria on a case by case basis (where the Section 106 allows) and provide written approval accordingly. Amongst other circumstances, this will include consideration of applicants who may not have worked or lived in the locality for a continuous period of three years.
- **Application process** - The updated guidance requires an applicant to submit a 'Registration Form' (Appendix 2) to join the discounted sale waiting list. They must then complete an 'Application Form' (Appendix 3) when they find a property they wish to purchase through the scheme – the forms set out clearly what information is needed. The introduction of a separate application and registration form is designed to speed up the administrative process and make it clear to the applicant what information is required at each stage.

- **Valuation template** - The valuation template (Appendix 4) has been modified to require, for properties under construction at the point of valuation, the submission of Floor Plans, Elevation Plans and the provision of details of the standard specifications included within the valuation i.e. carpet/flooring, white goods, turf, etc. This has been introduced to ensure the assessed open market value accurately reflects the property value and does not overly inflate the price in regards to additional extra/upgraded specifications the purchaser may wish to pay for at a later date.
 - **Administration of the scheme** - Communication is via email (unless otherwise specified). Procedures have been simplified. No longer a need for multiple standard letter templates.
- 3.5 The updated Guidance for Discounted Sale Housing makes a commitment that monitoring and review will be on-going to determine that both the discounted sale scheme and the guidance / procedure continues to work for vendors and purchasers and ensures that the type of housing provided for discounted sale reflects the needs of local households.
- 3.6 There will also be a need to keep the guidance under review in light of emerging national policy on discounted market sale housing and particularly the 'First Homes' initiative which has recently been open to consultation (closing May 2020) from the Ministry of Housing, Communities and Local Government.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative
- 4.2 This report meets 'Healthy, safe and secure' corporate priority by promoting and facilitating the provision and sale of discounted sale affordable housing and in so doing helping to meet an identified affordable need.

5 Consultation

- 5.1 The Housing and Health Portfolio Holder has been consulted in the drafting of the updated Guidance Document for Discounted Sale Housing.

6 Implications

6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.
- 6.1.2 Should the recommended updated Guidance Document for Discounted Sale Housing meet approval there are considered to be no financial or resources implications.

6.2 Legal

- 6.2.1 The Council's Legal Services Team have fed into the consultation process in the drafting of the updated Guidance Document for Discounted Sale Housing and their comments have been taken into account.

6.3 Human Resources

- 6.3.1 There are no Human Resources implications arising from this report.

6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	<p>The Council must have regard to the elimination of unlawful discrimination and harassment and the promotion of equality and diversity under the Equality Act 2010 and related statutes.</p> <p>The Council's updated Guidance on Discounted Sale Housing would continue to have a positive impact on residents of Eden District regardless of age, sex, ethnicity or status within any specific group.</p>
Health, Social Environmental and Economic Impact	Updated Guidance on Discounted Sale Housing has the potential to have positive health, social, environmental and economic impacts for persons within the District.
Crime and Disorder	No implications
Children and Safeguarding	No implications

6.5 Risk Management

Risk	Consequence	Controls Required
That the updated Guidance Document on Discounted Sale Housing Policy & Procedure is not approved.	The current guidance (dated 2010) could continue to be used however with much of this requiring updating the Council would be left open to potential complaints/criticism in the handling of allocating discounted sale properties.	Continued cooperation and joint working across the Council to ensure an appropriate updated Guidance on Discounted Sale Housing, which can be approved and published in a timely manner.

7 Other Options Considered

- 7.1 No other options are considered.

8 Reasons for the Decision/Recommendation

- 8.1 The updated Guidance Document on Discounted Sale Housing if approved would assist the Council in facilitating and promoting the provision of discounted sale housing (a form of low cost home ownership) and in doing so would help in meeting an identified affordable housing need, improving housing choice and contributing to a 'Healthy, safe and secure' district, a Corporate Priority.

Tracking Information

Governance Check	26 May 2020
Chief Finance Officer (or Deputy)	Prepared in consultation with Finance
Monitoring Officer (or Deputy)	Prepared in consultation with Legal
Relevant Director	Les Clark

Background Papers: Homeseekers' Register Procedure Guidance (November 2010)

Appendices: Appendix 1 – Guidance Document: Discounted Sale Housing (June 2020)
Appendix 2 – Registration Form: Discounted Sale Housing
Appendix 3 – Application Form: Discounted Sale Housing
Appendix 4 – Valuation Template: Discounted Sale Housing

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