



PORTFOLIO HOLDER DECISION NOTICE

INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR HOUSING

TOPIC – DESIGNATED PROTECTION AREA STATUS AT WEST OF WATERLOOVILLE MAJOR DEVELOPMENT AREA, SPECIFICALLY, PHASES 2, 3, 4 DUKES MEADOW AND PHASE 1 AT NEWLANDS

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Corporate Director (Governance), the Chief Executive and the Head of Finance are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

Contact Officers:

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Committee Administrator: Nancy Graham, ngraham@winchester.gov.uk, 01962 848 235

SUMMARY

- Planning permission has been granted for the provision of almost 3000 homes at West of Waterlooville Major Development Area (MDA).
- 40% of these homes will be affordable, a mixture of rented and low cost home ownership properties, such as shared ownership.
- The site lies within a Government defined Designated Protection Area (DPA). This DPA status restricts the ability of households who own a part share in an affordable home to "staircase" to full ownership, capping ownership at an 80% share.
- Although the MDA lays within both Winchester City and Havant Borough Council areas the DPA status applies only to those properties within Winchester District.

- The intention behind the designation is to retain shared ownership properties within the affordable housing sector in areas of low supply.
- The status is not regularly reviewed and does not take account of changes in circumstances, e.g. the construction of urban extensions, such as West of Waterlooville, which will result in a significant new supply of homes.
- The current economic situation means that the DPA status compromises the successful delivery of new homes on the MDA. The economic conditions that prevailed at the time the first homes were built meant that the designation was not problematic.
- Problems are two fold:
 - There is already a limited supply of mortgage lenders for shared ownership homes. Placing further restrictions on the use of these homes reduces the availability of mortgages further and increases their cost, thus making the affordable homes less affordable.
 - Registered Providers have difficulties in raising finance to support the construction of new shared ownership homes where the status applies, particularly on large sites, and exposes them to higher risk.
- Given the values of shared ownership properties are related to open market values, an individual household's income, in general, needs to increase substantially over time in order for them to staircase to 100% ownership. This is more challenging in the current economic climate. It is worthy of note that, in the recent past, it was common for new homeowners to buy an initial 40% share in a shared ownership home. Now, frequently, it is only a 25% share that can be afforded. This reflects the availability of affordable mortgages for the product as well as local prices and incomes.
- Income received by a Registered Provider as a result of staircasing is retained by that provider and is re-invested in affordable housing.
- The DPA status may be lifted by the Homes and Communities Agency (HCA) on application by the local authority. Advice from the HCA recognises that this DPA Status to urban extensions, such as West of Waterlooville, may not be desirable.

DECISION

The Head of New Homes Delivery be authorised to apply to the Homes and Communities Agency for the lifting of Designated Protection Area Status in respect

West of Waterlooville Major Development Area for Phases 2, 3, and 4, Dukes Meadow, and for Phase 1, Newlands.

REASON FOR THE DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

To assist in the delivery of new homes, including affordable homes. Although alternative approaches are possible they are likely to reduce choice and affordability of homes to those in housing need.

RESOURCE IMPLICATIONS:

None

CONSULTATION UNDERTAKEN ON THE DECISION

The Portfolio Holder for Housing supports the recommendation.

Ward members have been consulted by the Portfolio Holders for New Homes Delivery and Housing.

Cllr Stallard has registered her strong objection. She considers the proposal would put at risk the availability of socially rented, affordable and exception housing in the Ward.

Cllr Phillips objects to the proposal. He is concerned that this would mean the status is removed for the rest of Denmead and would have a huge affect on the availability of socially rented and affordable housing. He advocates the more appropriate course of action would be for the Government to make provision to ensure lenders can provide mortgages available at an acceptable risk. He considers that those who can afford to purchase the "last" 20% of their home should enter the commercial market instead.

Cllr Read has said he would be concerned if the proposal was agreed.

Cllr Cutler objects to the proposal and asks for the matter to be referred to Cabinet for determination. His reasons for objection are that the problems need to be addressed by central government as part of the broader problems around bank lending. He is concerned that future economic conditions may facilitate increased staircasing and result in a significant loss in provision of shared equity housing. He is also concerned that a precedent may be set for similar decisions.

The West of Waterlooville Advisory Group object to the proposal, believing these homes should be retained in the affordable housing sector. They consider that those who can afford to purchase a further stake beyond an 80% share should enter the commercial market instead. They also believe that the City Council should put pressure on Government to make lending more attractive.

Havant Borough Council have no objection to the proposals.

FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION NOTICE

Consideration has been given to the representations received and further discussions have taken place with the HCA appointed Zone Agent (who has the responsibility for administering the shared ownership register in the area).

It is considered that the situation has arisen primarily due to economic circumstances beyond the Council's, developer or RP's control. Further to that it is not considered that the protection of urban extensions, such as West of Waterlooville, was the prime driver behind the Government's designation.

The proposal relates to the development site of West of Waterlooville, not the wider parishes within which the site lies. The removal of the designation will not impact on rented affordable housing at Waterlooville.

While requesting the removal of the designation may have some impact on the longer term availability of shared ownership properties to the sector this is offset by the probability that the removal of the designation will both facilitate and speed up the delivery of both market and affordable housing, and also improve affordability to shared ownership owners.

However, the concern of those making representations that future economic conditions may impact of the desirability of DPA status remaining in place is noted. In view of this, at this time, it would be wise to limit the lifting of DPA status to those phases which are on-site or have full/reserved matters planning permission in place and where development is likely to take place in the near future. Currently this is Phases 2, 3 and 4 at Dukes Meadow (the Taylor Wimpey element of West of Waterlooville) and Phase1 at Newlands (the Grainger element). Future phases can be considered on their merits at similar times in the development process.

Consequently, while giving consideration to the representations received it is still considered that The Head of New Homes Delivery should be authorised to apply for the lifting of Designated Protection Area Status, however this be limited to those phases set out above.

DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR OFFICER CONSULTED

n/a

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

n/a

Approved by: (signature)

Date of Decision: 16.11.12

Councillor Tony Coates – Portfolio Holder for Housing