



DRAFT PORTFOLIO HOLDER DECISION NOTICE

PROPOSED INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR HOUSING SERVICES

TOPIC – DESIGNATED PROTECTED AREA STATUS AT CLEWERS LANE WALTHAM CHASE

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 Chief Operating Officer, the Chief Executive and the Chief Finance Officer 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.

If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Democratic Services Officer by 5.00pm on Friday 19 February 2016.

Contact Officers:

Case Officer: Debbie Rhodes drhodes@winchester.gov.uk 01962 848368

Democratic Services Officer: Nancy Graham ngraham@winchester.gov.uk, 01962 848235

SUMMARY

- This site, Clewers Lane, Waltham Chase, has planning permission for 30 units, 12 of which are affordable, which equates to the 40% of the site.
- The site is within a Designated Protected Area as stated in the *Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009 No. 2098* regulations. In these areas, Registered Providers (RPs) whose schemes are part of the Homes and Communities Agency (HCA) programme (with or without funding) must either restrict staircasing of shared ownership homes, which means residents can only purchase up to 80% of their home, or the RP must agree to buy back the property.

- The Designated Protected Areas (DPA) HCA policy guidance states that DPAs were introduced in September 2009 to protect shared ownership homes being lost to the open market where they would be difficult to replace. The designated areas were aligned with those exempt from the Right to Acquire, based on maps dated 1991. Most of these were rural settlements (less than 3,000 population).
- Paragraph 4 of the HCA guidance acknowledges that some areas covered by this policy do not have a shared ownership stock retention issue. If any homes were lost to the open market, planned level of development means these would be replaced.
- The HCA recognise that there are limited mortgage lenders for restricted shared ownership. Some lenders have higher deposit requirements and will only lend on a proportion of the shared ownership homes on any given site. If RPs were to agree to buy back the property in the unlikely event that the shared owner staircased to 100% and wished to sell, they would essentially need to put aside the value of the shared ownership home for this purpose, reducing available funds for new affordable homes.
- The HCA has agreed a waiver process in circumstances where shared ownership retention is not an issue and the removal helps applicants obtain a mortgage. RPs approach the Local Authority (LA) and the LA determines whether the site does not require protecting, applying for a waiver from the HCA where appropriate.
- The RP in discussions for the affordable units at Clewers Lane has reassessed its offer to the developer following the recent government announcements regarding rent reductions over 4 years. 3 of the affordable units on the site are shared ownership (1 x 2 bed/4 person flat, 1 x 2 bed/4 person house and 1 x 3 bed/5 person house) In order for the RP to offer the price that would enable the development to progress, whilst at the same time meeting housing needs, the RP has asked WCC for a waiver for the DPA. Without the waiver, the RP cannot provide the shared ownership units as they would have reduced borrowing capacity. They have suggested that these could be discounted sale. However these would not be as affordable at first sale and may not remain affordable into the future.

PROPOSED DECISION

The Head of New Homes Delivery be authorised to apply to the Homes and Communities Agency for the lifting of a Designated Protected Area Status in respect of Clewers lane, Waltham Chase.

REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Currently, just three Lenders offer restricted shared ownership mortgages. Newbury Building Society offers a 5% deposit mortgage. Nationwide and Halifax offer mortgages for restricted shared ownership of 15% and 20% deposit respectively. All lenders work to a maximum exposure limit on new build developments, whereby they will normally lend on 25% of the Shared Ownership homes and a maximum of 75% of the properties across the whole site.

The main problem is caused by lack of deposit for potential applicants looking to purchase shared ownership new build properties with an 80% restriction. Of applicants on Help to Buy South, the register for Shared Ownership accommodation, who are currently living in the village, stating Waltham Chase as an area in which they would purchase and requiring the size of accommodation proposed, only 1 customer would be able to meet the salary and deposit requirements of the three lenders mentioned above.

All High Street Lenders are currently offering non-restricted shared ownership mortgages. They too have a lending exposure limit, but there are more lenders to choose from with similar rates. At present there are seven lenders offering mortgages with a maximum deposit of 5%.

Waltham Chase is to provide 250 new homes under the draft LPP2. Of these, 40% will be affordable housing (subject to viability) and approximately 30 percent of these will be intermediate, such as shared ownership, as set out in Policy CP3.

Evidence from a number of sources, including the previous Tenant Services Authority, states that staircasing is generally less than 1% a year. It is therefore considered that the removal of the DPA will assist in the delivery of three shared ownership homes and allow these homes to be afforded by applicants in housing need. The impact of removing the DPA for this site is negligible, given the number of units involved, the likelihood of applicants' staircasing to 100% and the planned new homes for Waltham Chase.

RESOURCE IMPLICATIONS:

No implications.

CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION

The Portfolio Holder for Housing Services supports the recommendation. Ward Members have been consulted by the Portfolio Holder for Housing Services and Shedfield Parish Council has been informed.

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

N/A

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

None

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

n/a

Approved by: (signature)

Date of Decision

Councillor Caroline Horrill – Portfolio Holder for Housing Services