



PORTFOLIO HOLDER DECISION NOTICE

INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR HOUSING SERVICES

TOPIC – DESIGNATED PROTECTED AREA STATUS AT LOVEDON LANE, KINGS WORTHY

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.

Contact Officers:

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SUMMARY

- This site, Lovedon lane, Kings Worthy, has planning permission for 50 units, 20 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 Lovedon Lane has reassessed its offer to the developer following the recent government announcements regarding rent reductions over 4 years. 6 of the affordable units on the site are shared ownership (2 x 1 bedroom/2 person flats and 4 x 2 bed/4 person houses). 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.

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 Lovedon Lane, Kings Worthy.

REASON FOR THE 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.

Ten 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 five lenders offering mortgages with a maximum deposit of 5%.

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, 35 applicants who wish to live in Kings Worthy can afford a 1 bedroom shared ownership flat with an unrestricted mortgage whereas the number reduces to 13 who can afford a restricted mortgage.

48 applicants who wish to live in Kings Worthy can afford a 2 bedroom shared ownership house with an unrestricted mortgage whereas the number reduces to 11 who can afford a restricted mortgage.

Kings Worthy is to provide 250 new homes under the draft LPP2. Of these, 40% will be affordable housing (subject to viability) and approximately 30% 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 six 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 Kings Worthy.

RESOURCE IMPLICATIONS:

No implications.

CONSULTATION UNDERTAKEN ON THE DECISION

The Portfolio Holder for Housing Services supports the recommendation. Ward Members have been consulted by the Portfolio Holder for Housing Services.

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: 11.03.16

Councillor Caroline Horrill – Portfolio Holder for Housing Services