

Report Title:	Investment in Shared Ownership Provision
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Cllr Dudley- Leader of the Council Cllr McWilliams - Deputy Lead Member Policy and Affordable Housing
Meeting and Date:	29 June 2017
Responsible Officer(s):	Alison Alexander – Managing Director
Wards affected:	All

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REPORT SUMMARY

1. This report recommends a further investment of £500,000 into the Royal Borough's successful Do-It-Yourself Shared Ownership scheme (DIYSO) delivered in partnership with Housing Solutions. This will maximise the opportunities for a further 10 local households to access a home ownership option. A resident is eligible if they have lived in the borough for six months and can afford the opportunity.
2. The DIYSO partnership has already provided homeownership to over 30 households by December 2017. Further investment agreed in 2016 by the Royal Borough for a specific keyworker DIYSO scheme has already delivered three keyworker properties, with a further four under offer and scope for another three keyworker households to benefit.
3. The DIYSO scheme works by the Royal Borough and Housing Solutions investing capital to enable residents to choose accommodation to purchase a share in a property. Over subsequent years, residents buy an increased equity share and the initial investment returns to the Royal Borough for reinvestment.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet:

- i) **Agrees to invest £500,000 of Section 106 funds into the Do-It-Yourself Shared Ownership scheme with Housing Solutions Ltd.**

2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 There is a recognised need for additional housing options for residents in the Royal Borough. These include shared ownership opportunities. The Do it Yourself Shared Ownership (DIYSO) scheme has offered Royal Borough residents a unique opportunity to choose where they live within the borough and get onto the property ladder. The partnership between the Royal Borough and Housing Solutions provides capital subsidy to the scheme to enable residents to purchase an equity share in the property through a mortgage and then over time to increase the equity share to buy outright.

DIYSO scheme delivery

2.2 Since its launch in 2014, the DIYSO scheme has ensured that 31 Royal Borough households have secured shared home ownership, with a further 10 keyworkers who will benefit from the scheme in 2017 from investment agreed by Cabinet in 2016.

- 2.3 All families have bought either two or three bedroom properties, according to their needs and have been supported by Housing Solutions to purchase a property that is in good repair and financially sustainable.
- 2.4 Purchase prices ranged from £158,000 to £370,000 with properties being purchased across Maidenhead and Windsor. The scheme offers residents choice over the house they purchase and the place they want to live. It supports communities and provides an option that offers more flexibility rather than locating shared ownership units collectively in one geographical area. Table 1 provides further details of the profile of successful DIYSO purchases

Table 1: DIYSO to date

a. DIYSO Scheme

Property Type	Houses	Flats	Maisonette	Bungalow
	17	8	4	1
Average Property Price	£302,265	£236,250	£273,750	£280,000
Number of Bedrooms	One – 1 Two – 18 Three – 13			
Location	Maidenhead - 21 Cookham – 1 Windsor - 8 Eton Wick - 2			
Average % share purchased	47%			

b. Keyworker DIYSO Scheme

Property Type	Houses	Flats	Maisonette	Bungalow
	2	0	0	0
Average Property Price	£371,00			
Number of Bedrooms	Two – 1 Three - 1			
Location	Windsor – 1 Eton Wick - 1			
Average % share purchased	55%			

- 2.5 It is proposed that the Royal Borough invests £500,000 of affordable housing monies in the scheme in 2017. Housing Solutions will invest the same amount meaning that along with the investment of the resident, the scheme is viable to purchase the property. A resident is eligible if they have lived in the borough for six months. Residents can start by purchasing just 35% of the property. Through DIYSO, buyers can choose a home on the open market giving them far more choice of a property to buy. It allows them to buy a share in a home of their choice and then pay a rent on the other part. It needs to be affordable to residents. Housing Solutions administer the scheme on the Royal Borough's behalf and ensure that residents can afford the option.

- 2.6 It is proposed that the additional investment provides general access to the scheme but with prioritisation for key workers, up to 20% of the allocation, once the remaining allocation under the 2016 bespoke key worker scheme has been used.

Table 1: Options

Option	Comments
Invest £500,000 in the established DIYSO programme with Housing Solutions to provide more shared ownership opportunities.	This option can be delivered with Housing Solutions in the required timeframe offering accommodation choice for up to 10 households.
Recommended option	
Do not use the funds	Alternative uses of the funding have been explored and the DIYSO option is the most viable in the timeframe.
Not recommended	

3 KEY IMPLICATIONS

Table 2: Key implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
10 additional households helped into affordable home ownership by April 2019	Less than 10	10	More than 10 by December 2018	More than 10 by April 2018	April 2019

4 FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The DIYSO scheme provides a resident-led approach to affordable housing within a structured framework that delivers sustainable, affordable, good quality, housing that is appropriate to the needs of the residents. Grants range from £71,875 to £216,450 – the average grant rate for the 31 properties purchased so far under the scheme since 2014 is £142,989. This reflects the high house prices in the area and the subsidy required to enable families that are priced out of the market to afford a home that meets their needs at a price that they can afford.
- 4.2 The Royal Borough invests Section 106 capital funding into the scheme. Housing Solutions match fund any contributions put into the scheme with their own resources to enable a larger number of applicants to benefit from the scheme. This provides good value for both organisations and by pooling resources enables the offer to be maximised to local residents.

Table 3: Financial impact of report's recommendations

REVENUE	2016/17	2017/18	2018/19
Addition	£0	£0	£0
Reduction	£0	£0	£0
Net impact	£0	£0	£0

CAPITAL	2016/17	2017/18	2018/19
Addition	£500,000	£0	£0
Reduction	£0	£0	£0
Net impact	£500,000	£0	£0

5 LEGAL IMPLICATIONS

- 5.1 Section 106 agreements are legal agreements entered into under the Town and Country Planning Act 1990. These secure the arrangements for obligations upon the developer ("planning obligations") as part of a condition of granting planning permission. They are either entered into between the Council and developers or provided unilaterally by a developer. The intention of the obligation is to mitigate and offset any harmful impacts of a development. This can include contributions to, or provision of, facilities at a local level or a contribution to provide infrastructure and facilities at a borough-wide level to accommodate the new developments.
- 5.2 If approved, the Royal Borough will enter into a contract with Housing Solutions to ensure that the scheme delivers its objectives.

6 RISK MANAGEMENT

Table 4: Impact of risk and mitigation

Risks	Uncontrolled Risk	Controls	Controlled Risk
The take up may be lower than predicted. The scheme is not fully delivered within the timeframe.	Medium	Arrangement with Housing Solutions to encourage access to the product and monitor take-up	Low
The impact of rising house prices mean that the target number of households cannot be achieved	Medium	Agreement with Housing Solutions to deliver at least 10 new homes through this funding by prioritising applicants that require a lower subsidy, allowing a greater number of families to be assisted.	Low

7 POTENTIAL IMPACTS

- 7.1 This scheme will benefit residents who are in a position to access shared ownership from rental property. There are a range of other housing options and investments available to residents for whom this is not an option.

8 CONSULTATION

- 8.1 The report will be considered by Planning and Housing Overview and Scrutiny Panel on 22 June 2017, comments will be reported to Cabinet.
- 8.2 There has been consultation with Planning and Property Services, as well as Housing Solutions to ensure that this is the most viable option for investment.

9 TIMETABLE FOR IMPLEMENTATION

Table 5: Implementation timetable

Date	Details
July 2017	Transfer of funds to Housing Solutions Ltd to offer additional homeownership opportunities for eligible residents.
August 2017	Scheme is advertised

- 9.1 Implementation date if not called in: Immediately

10 APPENDICES

- 10.1 None

11 BACKGROUND DOCUMENTS

- 11.1 None

12 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Cllr Dudley	Leader of the Council and Chairman of Cabinet (including Housing)	30 th May 2017	31 st May 2017
Cllr McWilliams	Deputy Lead Member Policy and Affordable Housing	30 th May 2017	
Alison Alexander	Managing Director	30 th May 2017	
Russell O'Keefe	Executive Director	30 th May 2017	
Andy Jeffs	Executive Director	30 th May	

Name of consultee	Post held	Date sent	Commented & returned
		2017	
Rob Stubbs	Section 151 Officer	30th May 2017	2 nd June 2017
Terry Baldwin	Head of HR	30th May 2017	31 st May 2017
Mary Kilner	Head of Law and Governance	30th May 2017	

REPORT HISTORY

Decision type: Non-key decision	Urgency item? No
Report Author: Nick Davies, Head of Commissioning Adults and Children, 01628 683614	