

**STRATEGIC DIRECTOR OF HOUSING, COMMUNITIES AND GOVERNANCE DECISION
IN CONSULTATION WITH THE PORTFOLIO HOLDER FOR HOUSING AND
HOMELESSNESS SERVICES – 8 FEBRUARY 2023**

REVISIONS TO SHARED OWNERSHIP POLICY

1. INTRODUCTION

- 1.1 This report seeks approval from the Strategic Director of Housing, Communities and Governance – in consultation with the Housing and Homelessness Services Portfolio Holder - to revise the Council's Shared Ownership Policy, as permitted within paragraph 3.7 of the adopted Policy (adopted by Cabinet on the 6th May 2020).

2. BACKGROUND

- 2.1 Since the Council adopted its Shared Ownership Policy over two years ago the wider context has materially changed due to two significant and interlinked factors:

2.1.1 During the intervening period further rises in local property values plus the recent escalation in building costs means that the future delivery of shared ownership homes by the Council is now wholly dependent upon external capital subsidy. In the case of 'threshold' S106 affordable housing (i.e. shared ownership homes that are required to fulfil a planning obligation) subsidy is achieved through private developers, but homes that are built by the Council or that we acquire from the market will not be viable without capital subsidy from Homes England.

2.1.2 Various changes introduced by the Government and Homes England have resulted in significant changes to the national shared ownership model. Going forward any shared ownership homes that are funded by Homes England or that are procured through the planning system are now required to A/. meet the new national standard model, albeit with limited exceptions, and B/. utilise the Homes England lease which was extensively revised during 2021.

- 2.2 In light of these changes it is therefore necessary to bring the Council's shared ownership policy in line with Homes England requirements. Doing so will result in the following benefits:

- Enable NFDC to achieve a consistent approach that aligns with the national shared-ownership model
- Enable NFDC to optimise external capital subsidy
- Enable NFDC to compete with other Registered Providers on a level playing field to secure S106 shared-ownership homes, and,
- Give confidence to future shared-ownership leaseholders (and their lenders) that the Council is following the standard model.

3. IMPACT OF THE PROPOSED CHANGES

- 3.1 Going forward all shared ownership homes that are funded through Homes England Social Housing Grant must be marketed and available to those who meet the national criteria with very limited exceptions. Providers will still be at liberty to create and hold

local interest lists, but once marketing has formally commenced sales must be permitted on a first come, first served basis.

3.2 Shared Ownership homes that result from Planning obligations and that are subject to a S106 agreement can still be subject to degrees of local prioritisation.

3.3 To accord with the new Shared Ownership model, all Registered Providers (i.e. Local Authorities and Housing Associations) must meet the following requirements and utilise the standard Homes England Lease:

3.3.1 The minimum permissible share purchase has been reduced from 25% to 10%.

3.3.2 A new staircasing right has been introduced giving shared owners the scope to purchase additional 1% shares in their home for the first 15 years of ownership.

3.3.3 The Leasehold term must now be for a minimum term of 990 years.

3.3.4 On resales the retained right for a Provider to nominate a buyer has been reduced from 8 weeks to 4 weeks, i.e. after 4 weeks a shared owner will have a right to sell to anyone on the market. They may then choose to sell their share on the market or if they have the right to staircase to full ownership, they can sell 100% and repay the rented share value to the Provider (a so-called 'back to back' sale).

3.3.5 Increased duties have been introduced requiring Providers to cover any structural or major repairs to shared ownership homes during the first 10 years of a new-buildings life where these are not covered by a Warranty; and to ensure that sinking funds are set up for future major repairs to flats.

3.3.6 A new duty has been introduced requiring Providers to contribute toward the cost of all essential repairs to new build shared ownership for the first 10 years of the lease. The claimable costs is up to £500 per annum and where unclaimed these can roll into a second year. (Does not cover wear and tear or anything covered by a warranty).

4. CONCLUSIONS

4.1 Given that capital subsidy from the Housing Revenue Account is prioritised for the provision of affordable homes for rent, the future delivery of shared ownership homes by the Council will be reliant upon securing Homes England grant funding or through the delivery of S106 homes. For both reasons it is therefore necessary to bring the Council's shared-ownership policy in line with the national model and lease and to factor-in the future management and maintenance implications.

5. FINANCIAL IMPLICATIONS

5.1 Going forward it will be necessary to take the requirements of the national shared ownership model and lease into account however due to financial benefits associated with Homes England grant funding or the level of capital subsidy that is required of private developers for S106 affordable housing, shared ownership continues to be a

viable and important form of affordable housing that should continue to be pursued as part of the overall programme.

6. CRIME & DISORDER IMPLICATIONS

6.1 None

7. ENVIRONMENTAL IMPLICATIONS

7.1 None

8. EQUALITY & DIVERSITY IMPLICATIONS

8.1 None

9. RECOMMENDATIONS

9.1 It is recommended that the shared ownership policy be brought in line with the requirements of the national model and lease.

10. PORTFOLIO HOLDER ENDORSEMENT

I have agreed to the recommendations in this report.

Sign: Cllr Edward Heron

Date: ~~09/10/23~~ Incorrect date published, the correct date is 09/02/23

11. STRATEGIC DIRECTOR APPROVAL

Following consultation with the Portfolio Holder I have approved the recommendations in this report.

Sign: Grainne O'Rourke

Date: 10/02/2023

For further information contact:

Grainne O'Rourke
Strategic Director of Housing, Communities
and Governance
Email: grainne.orourke@nfdc.gov.uk

Tim Davis
Service Manager Housing Strategy and
Development
Email: tim.davis@nfdc.gov.uk

Background Papers:

NFDC Shared Ownership Policy
Homes England Capital Funding Guide
Shared Ownership [Capital Funding
Guide - 1. Shared Ownership - Guidance
- GOV.UK \(www.gov.uk\)](#)