

Report of:	Head of Housing and Waste Management
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Portfolio Leader:	Housing
Key Decision:	No
Report Track:	HPDC 24/3/2015

HOUSING POLICY DEVELOPMENT COMMITTEE**24 MARCH 2015****RIGHT TO BUY SOCIAL MOBILITY FUND****1 Purpose of Report**

- 1.1 To seek confirmation of action regarding a bid for grant funding from the Department of Communities and Local Government (DCLG) to provide a “Right to Buy Social Mobility Fund”.

2 Recommendation

- 2.1 That the action of the Head of Housing and Waste Management following consultation with the Housing Portfolio Leader regarding the submission of a bid for £200,000 of grant funding from the DCLG “Right to Buy Social Mobility Fund” is confirmed.

3 Key Issues and Reasons for Recommendation

- 3.1 A bid of £200,000 has been made by the Council to provide a “Right to Buy Social Mobility Fund” to assist certain households unable to purchase their Council property to buy a home of their own on the open market elsewhere in the District.
- 3.2 If approved by the DCLG the £200,000 scheme would assist 10 tenant households in the District who are unable to purchase their Council property, i.e.
- (i) Older Tenants that are unable to purchase their bungalow due to RTB exceptions who wish to purchase appropriate accommodation; and
 - (ii) Tenants who are unable to obtain a mortgage due to the construction type of their home.
- 3.3 There are a number of the Council’s older tenants who were allocated bungalows and have accrued Right to Buy discounts but are ineligible to

purchase their home due to Section 11 of “The Housing and Planning Act 1986: Right to Buy Provisions”.

- 3.4 The Council has 140 PRC properties (Reema, Wates, Cornish) properties remaining in the District. The majority of “high-street” lenders will not approve mortgages for properties of Precast Reinforced Concrete construction, which prevents a number of our tenant households from the Right to Buy their property.
- 3.5 The proposed scheme would also have the added benefit of freeing up valuable social rented accommodation in popular areas of the District. Older tenants purchasing their own home would free up a number of one and two bed bungalows. Whilst three and four bed houses, currently occupied by tenants in PRC construction properties, would be “freed up” as a result of those households becoming homeowners elsewhere.

4 Relationship to Corporate Priorities

- 4.1 The “Cannock Chase Right to Buy Social Mobility Fund” scheme would contribute to the service aims to “manage the Council’s housing stock” and “increase the supply of affordable housing” which form part of the Housing Portfolio section of the agreed 2014-15 “Place” Priority Delivery Plan.

5 Report Detail

Right to Buy Social Mobility Fund

- 5.1 The Right to Buy, has enabled nearly 2 million people to purchase a Council property, and forms a major part of the Government’s drive to increase home ownership. The level of Right to Buy discounts was amended in April 2012 and further increased in July 2014. Maximum discounts currently stand at £77,000 outside London and £102,700 in London, and will be higher from 6 April as a result of the annual CPI uplift.
- 5.2 Some social tenants who could afford to exercise the Right to Buy are prevented from doing so because the social property in which they live is not suitable for their needs, or is difficult to mortgage. Older tenants may wish to move to a different area to be closer to family or to more suitable accommodation; working age tenants may want to move closer to employment opportunities; and some tenants struggle to get a mortgage, for example because they live in a property of non-standard construction.
- 5.3 The Government wants to “help those tenants trapped in social housing” as a result of these barriers to access home ownership. As a result the DCLG has launched an £84 million Fund over two years to provide an alternative to tenants who can afford to do so to get onto the housing ladder. A prospectus inviting bids for the Fund for 2015-16, for which £42 million is available, was released on 20 February 2015.
- 5.4 Local authorities were invited to submit bids for funding to provide a local scheme to offer a one-off cash payment, not exceeding £20,000 (£30,000 in

London boroughs) per application, to eligible tenants in place of their Right to Buy discount to enable them to purchase a property on the open market.

- 5.5 DCLG are keen to receive proposals that will prioritise:
- (i) Older tenants;
 - (ii) Tenants wishing to move closer to the labour market;
 - (iii) Tenants who pass the Right to Buy affordability test but are unable to raise a mortgage because of issues with the property in which they live.
- 5.6 DCLG required bids for funding to be received by 18 March 2015, and as it was not possible to report to Cabinet or HPDC, a bid has been submitted in consultation with the Housing Portfolio Leader.
- 5.7 Payment would be approved via the issue of a grant determination under Section 31 of the Local Government Act 2003. The first payment would expect to be made in the second quarter of 2015-16, subject to receipt of satisfactory evidence of progress towards agreed outputs.

The Council's Bid

- 5.8 A bid to DCLG has been submitted to deliver a local scheme entitled the "Cannock Chase Right to Buy (RTB) Social Mobility Fund". Funding for £200,000 has been sought to deliver a scheme that would assist 10 households with a one-off cash payment of £20,000 to help purchase a home of their own.
- 5.9 In accordance with the prospectus the Cannock Chase scheme would assist the following households:
- (a) Older Tenants who are unable to purchase their bungalow due to RTB exceptions; and
 - (b) Tenants of PRC properties who are unable to obtain a mortgage due to the form of construction.
- 5.9 The Fund would enable a number of these households who have been in their Council properties a number of years and are eligible for Right to Buy discounts to purchase a home of their own.
- 5.10 It was considered that there would not be many tenants of a working age in the District who need to move within the District to access job opportunities. Cannock Chase is not a "geographically" large District, good transport links exist that enable people to get to all extremities of the area within a reasonable amount of time. A bid to provide a scheme for older tenants and tenants unable to obtain mortgages therefore assists households in greater need.
- 5.11 Section 11 of "The Housing and Planning Act 1986: Right to Buy Provisions" states that there are exceptions to the Right to Buy for non-sheltered dwelling houses for persons of pensionable age. This means a number of older tenants who were allocated bungalows and have accrued Right to Buy discounts are ineligible to purchase their home.

- 5.12 The Council has 1904 general needs bungalows within its stock, although it has not been possible to ascertain how many tenants are exempt from the Right To Buy. However based on anecdotal evidence from Property Services employees who deal with RTB applications a small number of older people in bungalows enquire about purchasing their property but have to be told they are ineligible.
- 5.13 It is considered that based upon current levels of RTB applications and completions (57 applications and 27 completions in 2013/14) and the proportion of bungalows in the stock (36% of total stock are bungalows) that there would be a demand from tenants of bungalows excluded from RTB because they are of pensionable age. Assistance through the Fund for five older tenant households in 2015/16 was considered to be an appropriate number to meet the estimated demand.
- 5.14 The Council also has a number of tenants who have applied for the Right to Buy but have been unable to obtain a mortgage due to them living in a property of Precast Reinforced Concrete (PRC) construction. The majority of “high-street” lenders will not approve mortgages for properties of Precast Reinforced Concrete construction.
- 5.15 The Council has 140 PRC construction (Reema, Wates, Cornish) properties remaining in the District; the majority being 3 bed houses with a small number of 4 beds. The PRC construction houses remain in the following areas:
- (i) Moss Road Estate, Chadsmoor;
 - (ii) Braemar Road/Red Lion Crescent, Norton Canes;
 - (iii) Larch Road/Oak Tree Road/The Green, Brereton;
 - (iv) Rowley Close/Bradbury Lane, Hednesford.
- 5.16 Evidence from RTB applications received over past years suggests that an average of 2 tenant households apply each year for the Right to Buy but then have to withdraw their application due to their property construction type being un-mortgageable.
- 5.17 It is considered that there is sufficient demand to deliver assistance for 10 tenant households within any scheme, comprising 5 older tenant households and 5 tenants with PRC construction properties.
- 5.18 The DCLG also requires any scheme to provide additional benefits by meeting other local needs. The majority of the Precast Reinforced Concrete construction properties remaining in the District are 3 bed houses, with a small number of 4 bed houses. Therefore the scheme would free up valuable larger family accommodation in popular areas of the District. Furthermore elderly tenants purchasing another property on the open market, would free up one and two bed bungalows in the District.
- 5.19 The “Cannock Chase Right to Buy (RTB) Social Mobility Fund” would be fully funded though the £200,000 grant funding.

6 Implications**6.1 Financial**

None. The cost of any “Cannock Chase Right To Buy (RTB) Social Mobility Fund” would be met fully by grant funding from the DCLG. If the Council’s bid is successful, total expenditure would be capped at £200,000 or the amount of DCLG grant funding awarded (whichever is the lower).

6.2 Legal

None

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

None

6.8 Equality & Diversity

None

6.9 Best Value

None

7 Appendices to the Report**Previous Consideration**

Background Papers

Right to Buy Social Mobility Fund Prospectus, DCLG, February 2015.