

Individual Executive Decision Notice

Report title	Shared Ownership Properties at Hampton Park (2)	
Decision designation	GREEN	
Cabinet member with lead responsibility	Councillor Steve Evans, Deputy Leader: City Housing	
Wards affected	Bushbury North	
Accountable Director	John Roseblade, Director of Resident Services	
Originating service	Housing	
Accountable employee	Lakhi Sahota	Housing Enabling Officer
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Report to be/has been considered by	Resident Services Leadership Team	e-decision
	Cabinet Member Briefing – Housing	9 February 2024

Summary

To seek final approval for the sale of two shared ownership properties at Hampton Park, Bushbury development site, on the terms set out below.

The Housing Revenue Account Business Plan report approved by Cabinet on 17 January 2024, gave delegated authority to the Deputy Leader: City Housing in consultation with the Director of Resident Services to approve the equity sale of Shared Ownership properties.

Recommendation(s) for decision:

That the Cabinet Member for City Housing, in consultation with the Director of Resident Services:

1. Approve the sale of the initial share of two shared ownership properties at the site known as Hampton Park as detailed in the report and table below.

1.0 Background

- 1.1 A report was presented to Cabinet (Resources) Panel (CRP) on 20 February 2018 approving the purchase of the shared ownership properties by City of Wolverhampton Council (CWC) from WV Living (WVL) and approving that they should then be marketed and sold. It was agreed that an IEDN would be required for individual sales onward to purchasers.
- 1.2 However, as the CRP report does not give specific delegated authority, The Housing Revenue Account Business Plan report approved by Cabinet on 17 January 2024, gave delegated authority to the Deputy Leader of City Housing in consultation with the Director of Resident Services to approve the equity sale of Shared Ownership properties.
- 1.3 In addition to the above approval, on 15 May 2020, a special urgency decision was approved for CWC to enter into six separate staged payment Development Agreements with WVL for 100 affordable housing units across six WVL development sites, including Hampton Park.
- 1.4 The development at Hampton Park is delivering 29 affordable rent properties and 16 shared ownership properties, to be purchased by CWC for use as additional housing and for onward sale.
- 1.5 The plots listed below within the development are both 2-bedroom semi-detached houses and the respective purchasers are purchasing a share of 30% and 25% as detailed in the table below.

2.0 Progress

- 2.1 The properties are held in the Housing Revenue Account (HRA). Purchasers are required to purchase a minimum of 25% of the property's equity and up to a maximum of 75%. Purchasers then pay rent on the share of the equity retained by CWC.
- 2.2 Countrywide has been instructed to find suitable buyers under the terms of a sales and marketing contract. The shared ownership scheme is subject to eligibility criteria and all purchasers are checked to ensure they meet the requirements as set out by Homes England and the affordability calculator guidance.
- 2.3 The details of the shared ownership plot sales at Hampton Park that requires Cabinet approval are detailed below:

Property	Value at acquisition	Percentage share sold	Capital receipt	Percentage share retained	Monthly rental income on retained share
Plot 143 28 Juniper Avenue, Wolverhampton WV10 8BE	£189,995	30%	£56,998.50	70%	£332.49
Plot 144 30 Juniper Avenue, Wolverhampton WV10 8BE	£189,995	25%	£47,498.75	75%	£356.24

- 1.1 The purchasers are responsible for all repairs and maintenance to their property under the terms of their lease.
- 1.2 The purchasers are allowed to staircase (purchase additional shares in the property) as they wish but must pay the valuation fee for each transaction. Until the property is owned outright by the initial purchaser or their successors, it is subject to a lease of 125 years.
- 1.3 Wolverhampton Homes will progress with any future staircasing requests from the proposed purchaser.
- 1.4 Monthly rental income is calculated using a formula set by Homes England which links annual rent increases to the Retail Price Index (RPI). However, any decision to increase the rent is at the discretion of the council.

2.0 Evaluation of alternative options

- 2.1 There are no alternative options, as the property was built to meet s106 planning requirements.
- 2.2 Should CWC decide not to proceed with the sales, the purchasers will be left disappointed, their reservation fee will have to be returned and this will result in reputational damage to CWC. The HRA would not generate any income from the properties.

3.0 Reasons for decision

- 3.1 The Shared Ownership homes have been developed to provide low-cost housing for households in Wolverhampton using HRA resources. The capital receipt and rental income will be used for future HRA capital investment.
- 3.2 To avoid potential reputational damage to CWC of not entering into the lease that have been agreed with potential purchasers.

4.0 Financial implications

- 4.1 The shared ownership properties have been valued at £189,995 each following an independent valuation.
- 4.2 The capital receipt from the initial equity sold to the shared owners of £104,497.25 will constitute a capital receipt to the HRA and be used as financing for the capital programme. The rental income generated from the retained equity will be retained in the HRA.

[LT/26012024/Q]

5.0 Legal implications

- 5.1 Subject to approval of the recommendations set out in this report, the Homes England's requirements for grant funded Help to Buy: Shared Ownership homes provided through the Shared Ownership and Affordable Homes Programme (SOAHP) 2016 to 2021 and Shared Ownership homes provided through the Affordable Homes Programme (AHP) 2021 to 2026 'the Guide' must be adhered to, particular in relation to the proposed disposal. It is clear in that 'Guide' that the Council can be considered a Registered Provider of Shared Ownership and that there are no abnormal risks insofar as leasehold and tenancy management.
- 5.2 Section 1 of the Localism Act 2011 grants Councils a general power of competence whereby a local authority has power to do anything which individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute which imposes limitations on the Council's power of disposal.
- 5.3 Any disposal of land held for housing purposes under Part II of the Housing Act 1985 can only proceed in accordance with section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department for Levelling Up, Housing and Communities is required. A number of general consents have been issued under the General Housing Consents 2013. Under General Consent A3.1.1, a local authority may dispose of land for a consideration equal to its market value. For this purpose, disposal includes the grant of a shared ownership lease. Accordingly, a RICS valuation will be required for each shared ownership disposal to ensure the Council will be receiving market value.
- 5.4 In the event that any disposal takes place from the General Fund in which case the power to dispose is governed by Section 123 of the Local Government Act 1972, a local authority may dispose of a dwelling-house to an individual or individuals on the basis that it could make the disposal under The General Consent for the Disposal of Land held for the Purposes of Part II of the Housing Act 1985. This is the position for all disposals. The General Consents also stipulate what additional provisions may be included in shared ownership leases. For example, provisions excluding sub-letting and a right of pre-emption (first refusal).

- 5.5 The properties are to be sold on a leasehold basis for a term of 125 years. The form of lease is based on that prescribed by Homes England with modification to the Council's requirements.
- 5.6 Legal advice will be provided throughout the conveyancing process to ensure all relevant legislation is considered.

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3.0 Equalities implications

- 3.1 There are no equalities implications arising from the recommendation in this report.

4.0 All other Implications

- 4.1 Health and wellbeing may be positively impacted by access to modern, well-heated and insulated houses.
- 4.2 There are no other implications.

5.0 Schedule of background papers

- 5.1 Report to Cabinet (Resources) Panel on 20 February 2018, Shared Ownership Lease and Policies.
- 5.2 Special urgency decision on 15 May 2020, Approval of Staged Development Agreements for Affordable Housing.
- 5.3 Cabinet Report on 17 January 2024, The Housing Revenue Account Business Plan.