

Tenant Services Management Board

14th September 2015

Right to Buy Social Mobility Fund Home Ownership Cash Incentive Scheme - An update

Report of Jo Humble – Housing Enabling and Development Manager
(This matter is the responsibility of Executive Councillor Terry Beale)

Executive Summary

This report is a progress update following the detailed report presented to TSMB on 01st June 2015 regarding the Department of Communities and Local Government (DCLG) Right to Buy Social Mobility Fund and the grant funding secured by Taunton Deane Borough Council.

£300,000 has been secured through the bid and the administrative process and proposed methods of promotion to undertake a

1. Purpose of the report

To provide the Tenant Services Management Board (TSMB) with a progress update of the Right to Buy Social Mobility Fund 'Homeownership Cash Incentive' scheme to TDBC tenants with a Right to Buy Eligibility.

2. Background information

In February 2015 the Department of Communities and Local Government (DCLG) offered the opportunity for any Stock Owning Local Authority to lead a bid for a Right to Buy Social Mobility Fund.

Partnership bids were encouraged to extend the scheme to tenants with a Preserved Right to Buy. Taunton Deane Borough Council led a successful bid in partnership with Magna West Somerset and West Somerset District Council.

The purpose of the Fund is to enable local authorities to provide a scheme for their eligible Right to Buy tenants to access a cash payment in the place of their Right to Buy discount on their current social property.

The cash payment must be used to help towards the purchase of a property on the open market. Local authorities will benefit by freeing up properties that can be allocated to new tenants. The grant can be used to buy a residential freehold or leasehold property anywhere in the United Kingdom. The property must be a suitable size to adequately house the tenant's family.

The grant cannot be used to buy the following types of property:-

- A mobile home, caravan or houseboat
- A property sold at auction
- A business
- An existing Council property eligible to be purchased under the Right to Buy scheme.
- Shared ownership or any other home ownership initiative

The scheme can be offered to all social tenants that are eligible for the Right to Buy discount, but the fund is specifically aimed at

- older tenants may wish to move to a different area to be closer to family or into more suitable accommodation;
- working age tenants may want to move closer to employment opportunities;
- 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

The bid submission gave the opportunity to include priority categories which will meet local needs; for example, by freeing up the type of properties where there is a local shortage. There is a recognised shortage of 1 bed accommodation within Taunton Deane therefore a prioritisation for those vacating 1 bed properties were included.

The funding must be spent by 31 March 2016.

3. The Proposal

On 26 March 2015 DCLG announced the bid submitted by Taunton Deane Borough Council in partnership with Magna West Somerset and West Somerset District Council had been successful. The bid was for £300,000 which equates to a grant of £20,000 to a potential fifteen applicants.

A restriction within the bid was the cash payment available to individual tenants must not exceed £20,000 for councils outside London or £30,000 for London boroughs. Money from the Right to Buy Social Mobility Fund is only available to fund cash incentives. It is not available to fund the administration of the bidding authority's scheme.

The timescales to initiate this 'Homeownership Cash Incentive Scheme' are very tight as the applicants must have exchanged and in the process of completing their open market property by 31 March 2016.

The bid required a breakdown of potential tenants priority categories, although the scheme is open to all those with an eligibility of Right to Buy or Right to Acquire. It is currently unknown what the demand will be for this fund. A similar cash incentive scheme was run by TDBC in 2006 / 2007 and all funding allocated with a positive take up by residents.

The following chart shows the proposed numbers of applicants to cover the prioritised categories. These numbers were determined through research of statistical data held within the Council and Magna West Somerset. This is a guide and DCLG guidance have advised that it will not prevent others with an eligibility for Right to Buy to apply to be successful applicants.

	2015-16			
	Q1	Q2	Q3	Q4
Older tenants			2	3
Tenants moving to access working opportunities			1	1
Tenants unable to mortgage their social property			1	3
Tenants releasing 1 bedroom properties			2	2

4. 'Homeownership Cash Incentive' scheme procedure and promotion

The Right to Buy Officer, Sam Muckett is administering the scheme on behalf of Taunton Deane Borough Council. There is a close working relationship with Magna West Somerset's Home Moves Advisor who will be administering the scheme on their behalf.

To be eligible for the funding through TDBC the tenant must:

- Currently be a secure tenant of Taunton Deane Borough Council
- Have been a public secure tenant for at least previous 3 years
- Currently live in the property as your only or main home
- No legal problems with debt
- No outstanding possession orders

Interested tenants will be need to complete an application form and provide supporting documents, including a Mortgage in Principle certificate or savings statement as proof of ability to fund their purchase.

The application will be assessed on a 'first come first served' basis as advised by the DCLG. The assessment will confirm the applicant's eligibility for the scheme and will consider the current property occupied by the tenant and the tenant's circumstances against the priority groupings detailed in this scheme.

Successful applicants will be notified in writing and provided with an offer document setting out the terms of the grant and what is required in order to successfully complete a purchase under this scheme.

The grant will be paid direct to the applicants' solicitor's client account once evidence of signed contracts at exchange have been provided. The money will then be held by the applicants' solicitors until the date of completion. Neither the applicant nor their solicitor shall be authorised to use the grant monies prior to the date of completion. Therefore, should the applicant wish to exchange contracts before the completion date, they shall have to use alternative money for the purpose of a deposit.

The proposed promotion of this scheme includes an advert in Tenants Talk, and leaflets within the Deane House reception area alongside promotion through Tenants Services Management Board and Tenants Forum

5. Financial implications

Financial implications have been discussed with the Housing Revenue Accountant and agreed with the S151 officer.

6. Legal Comments

The legal implications are being discussed with Legal Services.

7. Links to Corporate Aims

This work has a positive effect on Corporate Aim 1 – Quality and sustainable growth and development and objective three within the Housing Action Plan; Investment in our housing stock, regeneration and affordable housing.

8. Recommendations

The Tenant Services Management Board is asked to note the contents of this report and facilitate the promotion of this homeownership cash incentive scheme.

9. Contact Officer

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