

Tenant Services Management Board – 1 June 2015

Right to Buy Social Mobility Fund Home Ownership Cash Incentive Scheme

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 summary of the Department of Communities and Local Government (DCLG) Right to Buy Social Mobility Fund and the grant funding secured by Taunton Deane Borough Council. A verbal update was provided to Tenant Services Management Board on 16th February 2015 with an undertaking to provide more detail should the bid be successful.

£300,000 has been secured through the bid and the administrative process and proposed methods of promotion to undertake a 'Homeownership Cash Incentive' scheme are being developed.

1. Purpose of the report

To provide the Tenant Services Management Board (TSMB) with a summary of the Right to Buy Social Mobility Fund and draft proposals to promote the '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 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 2015.

A 'grant determination' letter is to be issued from DCLG to provide details of the draw down requirements for the funding. Once this detail is known, further work is required to ensure the appropriate Governance arrangements and financial approvals are in place for the scheme to proceed.

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 it is understood it will not prevent others with an eligibility for Right to Buy to apply to be successful applicants. It is anticipated that the grant determination letter should not alter this.

	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

A scheme procedure is being worked upon by the Right to Buy Officer who will administer the scheme for Taunton Deane tenants. Magna West Somerset will replicate this process for their Right to Acquire tenants in West Somerset.

It is anticipated the procedure will involve an initial expression of interest form to enable a high level assessment of meeting the eligibility criteria, followed by a more detailed application form to take the applicant through the scheme.

4. 'Homeownership Cash Incentive' scheme promotion

The project team working on establishing this scheme have discussed various methods to promote the scheme to tenants.

These include :-

- Writing to all tenants to make them aware of this initiative
- Articles in Tenants Talk, Deane Housing News, Weekly Bulletin
- Information to be available at the Leaseholder and Tenants Day
- Advertisement within the Deane House reception area, including TV screens
- Promotion through Tenants Services Management Board and Tenants Forum

Other suggested methods for promotion would be welcome.

5. Financial implications

All financial implications will be discussed with the Housing Revenue Accountant and agreed with the S151 officer once the 'Grant Determination' letter is received from DCLG

6. Legal Comments

The legal implications will be discussed with Legal Services once the 'Grant Determination' letter is received from DCLG

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 once the administrative mechanisms for this scheme have been finalised.

9. Contact Officer

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