

DECISION TAKER: Cabinet Member for Housing, Councillor Chris Westwood

REPORT TITLE: DESIGNATED PROTECTED AREA STATUS

3 FEBRUARY 2025

Contact Officer: Nigel Baldwin Tel No: 01962 840222 extension 2078 Email  
NBaldwin@winchester.gov.uk

WARD(S): CENTRAL MEON VALLEY

PURPOSE

To consider the lifting of the Designated Protected Area status in respect of 4 affordable Shared Ownership homes which are being delivered at The Lakes in Swanmore.

RECOMMENDATIONS:

1. The Service Lead, New Homes Delivery, be authorised to apply to Homes England for the lifting of the Designated Protected Area Status in respect of 4 homes at The Lakes in Swanmore.

IMPLICATIONS:**1 COUNCIL PLAN OUTCOME**

- 1.1 A waiver improves affordability and therefore contributes to delivering on providing 'Homes for All', a priority in the Council Plan 2020-2025.
- 1.2 The scheme is delivering energy efficient, affordable, modern homes where residents can Live Well avoiding the stresses of unaffordable costs related to their housing.

**2 FINANCIAL IMPLICATIONS**

- 2.1 None.

**3 LEGAL AND PROCUREMENT IMPLICATIONS**

- 3.1 None.

**4 CONSULTATION AND COMMUNICATION**

- 4.1 Consultation occurred with the Central Meon Valley district councillors on 16 December 2024.
- 4.2 A response was received on 20 December 2024 on behalf of all three Central Meon Valley ward councillors stating that they supported the principle of the waiver.

**5 ENVIRONMENTAL CONSIDERATIONS**

- 5.1 None arising from the lifting of the Designated Protected Area status.

**6 PUBLIC SECTOR EQUALITY DUTY**

- 6.1 There is no impact on those with a protected characteristic.

**7 RISK MANAGEMENT**

- 7.1 The principal risk is to the council's reputation if the properties cannot be sold or they are not affordable.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
Financial Exposure	n/a	n/a
Exposure to challenge	Robust explanation	
Innovation	n/a	n/a
Reputation	If the Affordable Housing cannot be delivered this	Improved marketability would avoid reputational risk.

	would reflect poorly on the council.	
Achievement of outcome	Adoption of process to achieve lifting of DPA status.	
Property	Lifting of Designated Protected Area status allows for improved marketability.	
Community Support	See Consultation Section	

## 8 OTHER KEY ISSUES

8.1 None

## 9 SUPPORTING INFORMATION:

9.1 The Lakes, Swanmore was allocated for housing in the current Local Plan, has planning permission and is being built. The site will deliver affordable housing for those with a Winchester District connection which will be allocated via the Hampshire Home Choice scheme.

9.2 The site is in a Designated Protected Area (DPA) as set by Homes England, which means that occupiers of the Shared Ownership homes funded by Homes England can only buy a limited share of the property, never the full amount, resulting in a staircasing limit. There are a limited number of Lenders providing mortgages for Shared Ownership homes within such an area and they usually require a substantial deposit meaning that for many the new homes are not as affordable as they might be, even though this is an affordable housing product. A waiver is possible and the information below discusses this.

9.3 The Lakes has planning permission for 64 properties, 40% of which are affordable homes as required within the S106 planning legal agreement; this equates to 25 homes. There is also a financial contribution for affordable housing. Of the 25 affordable homes, 31.25% are designated as being for Shared Ownership; this equates to 8 homes.

9.4 The 8 homes designated for Shared Ownership within the S106 will be delivered without Homes England funding and there is therefore no limit on staircasing for these units. Homes England have, however, allocated grant for an additional 4 homes to also be delivered as Shared Ownership homes, and it is these 4 that are subject to the DPA status and therefore the staircasing limit.

9.5 The site is in the parish of Swanmore which is a Designated Protected Area as stated in the *Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009 No. 2098* regulations. In these areas, providers of Shared Ownership homes must either restrict staircasing of Shared Ownership homes,

which means residents can only purchase up to 80% of their home, or the Registered Provider (RP) must agree to buy back the property.

- 9.6 The most recent Designated Protected Areas (DPA) Homes and Community Agency policy guidance from 2016 explains that DPAs were introduced in September 2009 to protect Shared Ownership homes being lost to the open market where they would be difficult to replace.
- 9.7 Applying for a DPA waiver is an opportunity to deliver an extra 4 Shared Ownership homes at a more affordable level than would otherwise be the case. Without including the 4 additional plots it would be difficult for any Registered Provider under the current economic/funding climate to deliver the 25 Section 106 Plots. The acquisition of the 4 additional plots allows the Registered Provider to apply to Homes England for grant funding for those 4 plots in order to ensure that both the original Section 106 Units and the four additional units can be delivered as Affordable Housing. The district thereby benefits from an additional Affordable Housing provision that would not otherwise have been achievable or practical had the provider simply acquired the 25 Section 106 Units.
- 9.8 A nearby example of a DPA waiver application being supported is at North Whiteley. This was subsequently granted by Homes England. There are now many larger developments which fall within Designated Protection Areas but which in no sense can be described as rural schemes of the type intended to be captured by the regulations.
- 9.9 The DPA waiver is required because of the level of the deposit that is required by lenders for potential applicants looking to purchase Shared Ownership new build properties with an 80% restriction. There are a very limited number of lenders for mortgages where households can only purchase a proportion of the property (2 as opposed to about 20 according to information supplied to the council's Home Ownership Officer by an independent financial advisor) and they require a higher deposit to reduce their perceived risk (15% of the share that is purchased rather than between 5 and 10%). Also, lenders will not want to provide a large number of mortgages on the same site. All of these issues mean that it is extremely difficult to obtain a Shared Ownership mortgage where there is a limit to the proportion of the property that can be purchased.
- 9.10 There is concern at the lack of affordability of the Shared Ownership homes at Swanmore if the DPA remains in place as the high deposit required will severely compromise the ability to sell the homes.
- 9.11 Homes England has agreed a waiver process such that if the Local Authority determines that the site does not require protecting, it can apply for a waiver from Homes England.
- 9.12 It is considered that the removal of the DPA will assist in the delivery of these Shared Ownership homes and allow these homes to be afforded by applicants in housing need. The impact of removing the DPA for this site is negligible,

given the number of units involved. Very few Shared Owners purchase 100% of their homes. Therefore, if the DPA is removed, the loss of Shared Ownership homes to the open market is likely to be insignificant.

- 9.13 If any homes were lost to the open market, planned development nearby (Whiteley, Curdrige, Waltham Chase) means that Shared Ownership accommodation would still be available in this area.

## 10 OTHER OPTIONS CONSIDERED AND REJECTED

- 10.1 To not seek a waiver of the Designated Protected Area status could mean that Shared Ownership affordable housing may not be sold, resulting in viability issues for the Registered Provider and the homes not being available to those with a housing need. This option has therefore been rejected.

### BACKGROUND DOCUMENTS:-

#### Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

There are no previous reports relating to this particular issue.

#### Other Background Documents:-

There are no background documents.

### APPENDICES:

None.