

DECISION TAKER: CLLR KELSIE LEARNEY – CABINET MEMBER FOR HOUSING AND ASSET MANAGEMENT

REPORT TITLE: APPLICATION FOR DESIGNATED PROTECTION AREA (DPA) WAIVER – TANGIER LANE, BISHOPS WALTHAM

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Contact Officer: Debbie Rhodes Tel No: 01962 848368 Email DRhodes@winchester.gov.uk

WARD(S): BISHOPS WALTHAM

PURPOSE

This report sets out proposals to lift the Designated Protected Area status in respect of affordable shared ownership homes which are being delivered by a Registered Provider (Radian) in Bishops Waltham at Tangier Lane.

The developments either side of Tangier Lane at Bishops Waltham form an allocation of land in the current Local Plan and both have planning permission. They are both in a Designated Protected Area (DPA) and lenders providing mortgages for shared ownership homes within such an area require a substantial deposit meaning that for many the proposed new homes are not an affordable housing product.

RECOMMENDATIONS:

1. That the Corporate Head of Housing is authorised to apply to Homes England for the lifting of a Designated Protected Area Status in respect of both Tangier Lane sites at Bishops Waltham.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 The report contributes to delivering on the Council Plan 2020-2025 priority 'Homes for All' by providing 'homes that are affordable and built in the right areas for our changing communities'.
- 1.2 It also contributes to delivering on the 'Living Well' Council Plan priority by providing energy efficient, affordable, modern homes where residents can live healthy and fulfilled lives avoiding the stresses of unaffordable costs related to their housing.

2 FINANCIAL IMPLICATIONS

- 2.1 This decision has no direct impact on council budgets. Home ownership options are often out of the reach of local householders who wish to take the first step on the ladder of home ownership and where possible within their home parish.
- 2.2 As a principal, the council wishes to encourage home ownership through different models and housing providers to support the council's New Homes programme and help address the fact that housing in the Winchester district is expensive. Bringing these homes forward with no support or investment from the Council frees up Housing resources for other developments.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009 Regulations is in place to ensure that rural affordable housing – specifically grant-funded shared ownership properties - remains in the ownership of local people. Where that is the case, providers are required to offer grant-funded shared ownership properties with a lease that contains restricted provisions.
- 3.2 Homes England has recognised that the DPA provision potentially creates problems at sites such as Bishop Waltham and established a wavier process whereby by a Local Authority could present a case to waive DPA conditions of grant relating to designated protected areas where the policy aim of the retention of affordable housing stock is not an issue.

4 CONSULTATION AND COMMUNICATION

- 4.1 Consultation with Bishops Waltham district councillors took place in October 2019, with councillors supportive of the council submitting an application to Homes England to waive the DPA conditions at both Tangier Lane sites.
- 4.2 The Bishops Waltham Parish Council Chair, Chair of planning Sub group, and the Portfolio Holder for Housing and Asset Management have both been

briefed in respect of the proposal to waiver the DPA conditions at both Tangier Lane sites.

5 ENVIRONMENTAL CONSIDERATIONS

- 5.1 The scheme was granted planning consent in 2018 following the submission of detailed information on the issues of ecology, traffic implications and unsustainability. All of the planned homes will meet current planning guidelines on energy and water sustainability.

6 RISK MANAGEMENT

- 6.1 The principle risk is to the council's reputation of the properties not being built by not agreeing to apply to Homes England in support of the Registered Provider (Radian) proposal to waiver the DPA conditions at both Tangier Lane sites.
- 6.2 There may be further reputational risk should the shared ownership homes not be built with a waiver in place and considered as an unaffordable housing option by local residents who are unable to secure mortgages and meet deposit requirements.
- 6.3 If successful there may be a risk of other Registered Providers approaching the council to seek similar waivers. However, the final decision to waive DPA conditions remain with Homes England.

Risk	Mitigation	Opportunities
<i>Property</i> Properties not be built.	Lifting of Designated Protected Area (DPA) status allows for improved marketability.	Improved marketability of the area, avoid reputational risk/ community sustainment opportunities.
<i>Community Support</i>	Supporting and increasing home ownership options for the local community.	Increased local Housing options for the community across a number of tenures.
<i>Timescales</i>		
<i>Project capacity</i>	Officer resource allocated to support the Homes England application process.	
<i>Financial / VfM</i> Challenge from the RP that without a DPA waiver they will withdraw from the new build at Tangier Lane.	Lifting of DPA Protected Area status allows for improved marketability	Improved marketability of the area. Community sustainment opportunities.
<i>Legal</i>	Lifting the designation	Increased housing

	when such protection is no longer required.	options.
<i>Innovation</i>		
<i>Reputation</i> Should the Affordable Housing not be built by Radian this would reflect poorly on the council.	Lifting of Designated Protected Area (DPA) status allows for improved marketability	Improved marketability of the area, avoid reputational risk.
<i>Other</i>		

7 OTHER KEY ISSUES

7.1 This decision has no direct workforce or Council asset implications and relates only to the council's strategic housing responsibilities.

8 SUPPORTING INFORMATION:

Designated Protected Area status

8.1 The site to the east of Tangier Lane, Bishops Waltham, has planning permission for 66 units, 26 of which are affordable, which equates to the 40% of the site. Of the 26 affordable homes 7 are to be Intermediate (in this case Shared Ownership) and the Registered Provider (Radian) is planning to provide 2 extra shared ownership homes with Homes England grant

8.2 The site to the west of Tangier Lane, Bishops Waltham, has planning permission for 66 units, 27 of which are affordable, which equates to 40% of the homes on the site. Of the 27 affordable homes 08 are to be Intermediate (in this case Shared Ownership) and the Registered Provider (Radian) is planning to provide 4 extra shared ownership homes with Homes England grant

8.3 The sites are within 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 stair-casing of shared ownership homes, which means residents can only purchase up to 80% of their home, or the Registered Provider must agree to buy back the property.

8.4 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 could be difficult to replace. The designated areas were aligned with those exempt from the Right to Acquire, based on maps dated 1991.

8.5 If any homes were lost (and anecdotal evidence from discussions with another local affordable homes provider suggests stair casing to 100% of

ownership rarely happens to the open market and planned development elsewhere in the parish means they would be replaced.

- 8.6 As there are a limited number of lenders and they require a substantial deposit to reduce their perceived risk then few of the households that require these homes will be able to afford them.
- 8.7 Currently, just two lenders offer restricted shared ownership mortgages. The main problem is caused by 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.
- 8.8 These two lenders require of between 20 and 25% of the value of the share of the property that is to be purchased on a shared ownership basis. Based upon the modelling that has been carried out, if a 40% share were to be purchased then for a 2 bedroom property valued at £280,000 then a deposit of between £22,400 and £28,000 would be needed. For a 3 bedroom home valued at £335,000 a deposit for a 40% share would be between £26,800 and £33,500.
- 8.9 Homes England has agreed a waiver process such that Registered Providers approach the Local Authority (LA) and the LA determines whether the site does not require protecting, applying for a waiver from the HCA's successor body (Homes England) where appropriate.
- 8.10 As at 11 October 2019, of the applicants to Help to Buy South, (the national government agency for Shared Ownership in this area and the register used to obtain households for shared ownership) wanting Bishops Waltham as an area to purchase and requiring the size of accommodation proposed (2 and 3 bedroom property), only 6 and 2 customers respectively (From 57 households) would be able to meet the deposit requirements of the lenders mentioned above.
- 8.11 For non-restricted shared ownership mortgages there are about 22 mortgage lenders, resulting in more lenders to choose from. At Present, the deposit that these 22 lenders require is approximately 5%.
- 8.12 The current council Local Plan allocates various sites for housing in Bishops Waltham. They have all obtained planning permission and in some cases are being built or are completed. They will provide a further 36 new shared ownership homes for the housing needs of the Winchester District and there may be further shared ownership homes that will come forward on sites that we are as yet unaware of. It is a different Registered Provider delivering the shared ownership homes at these other sites but it is understood that they are in a stronger financial position and so can offer a lower percentage share from which a deposit is generated.
- 8.13 The Registered Provider (Radian) plans to take on the affordable units at both of the Tangier Lane sites and is concerned at the lack of affordability of these

homes if the DPA remains in place as a high deposit will be required. They are also concerned that the high deposits will severely compromise the ability to sell the homes. As stated above, 9 of the affordable units on the Tangier Lane East site are shared ownership (6 x 2 bedroom house and 3 x 3 bedroom house) and 12 of the affordable homes of the affordable units on the Tangier Lane West site are shared ownership (8 x 2 bedroom house and 4 x 3 bedroom house)

- 8.14 To enable the Registered Provider (Radian) to offer the price that would allow the development to progress, whilst at the same time meeting housing need requires the support of the council to apply to Homes England to waive the DPA conditions at both Tangier Lane sites.

There is a strong possibility that the Registered Provider (Radian) may make a decision not to build the new development if the DPA waiver is not granted.

9 OTHER OPTIONS CONSIDERED AND REJECTED

- 9.1 Consideration given and rejected to not support the Registered Provider (Radian) request to apply to Homes England to waive the DPA conditions at the two Tangier Lane sites. Due to the potential loss of affordable shared ownership homes and because the development is unlikely to be affordable to other Registered Providers including the council without the lifting of the DPA status to improve the marketability of the potential site.
- 9.2 The Council could offer financial assistance to the registered provider in order to retain the current proposed shared ownership arrangement. This would not address the very limited market for this product or the challenge in securing mortgage finance as detailed above.

BACKGROUND DOCUMENTS:-

Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

There are no other committee reports relating to this DPA issue

Other Background Documents:-

None

APPENDICES:

None