

Step On

Shared ownership for social housing tenants incentive scheme

There is a shortage of affordable housing in South Hams. This is clearly evidenced by both district-wide and parish housing needs surveys, and the numbers of households on our register and who actively apply for rented accommodation

The Council declared a housing crisis in September 2021, which pledged closer working with RP partners to make better use of stock, a target of Better Lives for All is to deliver local homes for local people that met their needs. Finally a key priority of the Better Homes, Better Lives Strategy is to make the best use of the existing housing stock and one of the ways we can do this, is by assisting social housing tenants with a deposit to be able to purchase a share of shared ownership homes.

This scheme will complement the existing tenant's incentive downsizing scheme, which makes one off payments to tenants who no longer need the size of the property they are occupying, to free it up for another household on the housing register.

Scheme objectives

- To maximise the use of existing social housing rented stock in the South Hams
- To offer an incentive to social housing tenants who aspire to buy into shared ownership, but are unable to raise a deposit whilst paying for normal household expenses.

Eligibility

To qualify for the step on scheme, the following criteria must be met

Applicants must be:

- An existing Housing Association tenant on an assured tenancy.
- Resident in the South Hams District area for the last 3 years.
- Not in any rent arrears or be in breach of any term of their current tenancy agreement at the time of application.
- A tenant where the Housing Association landlord confirms that the nomination rights for the property being vacated will be given to South Hams District Council.
- Registered on the help to buy register, a Housing Association waiting list or Devon Home Choice.
- in employment and earn at least £15,000 per year (If applicants earn less than £15,000 a year it is unlikely that they will have sufficient income to buy a property through low cost home ownership schemes, if they have extra financial resources such as an inheritance or redundancy pay out it will be expected that they use these funds rather than the step on scheme, however in exceptional circumstances it may be appropriate to apply to the Step on Scheme).
- Not in receipt of a household income which exceeds £80,000 a year.

- Over 18 years of age to be eligible for any shared ownership schemes and cannot be included on the Help to buy register if they are under this age.
- Able to evidence of a mortgage in principle agreement must be received.
- Able to evidence that they can afford the initial costs associated with buying a property which include solicitor's fees, land registry fee, survey and/or valuation costs, stamp duty and local authority search fee, among others. This will be on top of any deposit that a mortgage lender may require.
- Able to provide supporting financial information via the online application process to the Council for a decision to be determined. This will include evidence of savings, bank statements, income details and other such financial records.

The Grant

- This policy is capped at £5000 per award. The applicant will be eligible for a maximum of £5000 per household for use as a deposit towards borrowing on a mortgage for shared ownership.

For example, a 3 bed house at Sherford with 30% share of a £260,000 property requires a minimum of a £3,900 deposit. (Source clarion housing group 8th Feb 2022)

- The applicant can apply for the funding which will be held in reserve for 3 months in order for them to progress the property purchase with relevant assurances provided by the Council to the mortgage lender, shared ownership agent and the registered provider.
- If the applicant has savings it is expected that these will be used to purchase the initial share. The Council will look to award the Step on grant if the evidenced savings are not enough to provide the minimum deposit on the minimum share up to that amount.

Exclusions

This grant cannot be used to assist tenants exercise their right to buy or right to acquire rights as secure or assured tenants.

Promotion of the scheme

The Council will seek to promote the Step on Scheme with its Registered Provider partners, local press and social media. The Council will promote the scheme actively when specific shared ownership schemes are nearing completion to ensure maximum exposure.

Monitoring

The scheme will be monitored quarterly with annual updates provided for elected Members.

Policy Review

This policy will be reviewed annually. Delegated Authority is given to the Head of Housing to make minor changes to this policy.

The funding that supports this policy will be awarded on a “first come, first served basis”. If the policy is oversubscribed a Member decision will be sought on the expansion of the scheme

Diversity and Equal Opportunities

South Hams District Council is committed to reflecting the full diversity of the community it serves and to promoting equality of opportunity for everyone.

This policy and all associated documentation and leaflets can be made available in large print, Braille, tape format or in any other languages, on request.