

Report to: **Executive**  
Date: **3<sup>rd</sup> March 2022**  
Title: **Housing Crisis Report – Step On Scheme**  
Portfolio Area: **Homes Councillor Judy Pearce**  
Wards Affected: **all**  
Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

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### **Recommendations:**

1. That the Executive recommend to Council the adoption of a pilot of the "Step On" scheme from the 1<sup>st</sup> April 2022
2. That the Executive notes that the initial funding of £60,000 is taken from the £407,557 new homes bonus grant for 22/23.

#### **1. Executive summary**

- 1.1 The Council declared a housing crisis in September 2021. One of the key pledges was to work with our Registered Provider ("RP") partners to make best use of existing stock; this is a commitment in "Better Lives for All" the Council's corporate strategy and also in the Council's Housing Strategy "Better Homes, Better Lives".
- 1.2 The Council has made changes to its existing tenant's incentive scheme, aimed at downsizers, by increasing the amount of the cash payment, which is currently a maximum of £5,000. The Council recognises there is an opportunity to support other tenants of registered providers who aspire to own their homes by supporting them with a payment for, or towards a deposit for a shared ownership property. This in turn, would allow their homes to become available for re-let to a household on the housing register.

- 1.3 The Step On policy is appended to this report (appendix 1) if Members agree to pilot the scheme it is anticipated that this will launch from the 1st of April 2022

## **2. Background**

- 2.1 The Government has made changes to the existing shared ownership scheme, which are much more favourable to the occupiers. From the 1<sup>st</sup> of April, the new Homes England shared ownership funding scheme will allow buyers to start purchasing shares from 10% (currently 25-30%) and also increase their share a percentage at a time. They are also not liable for the repairs and maintenance for the first 10 years. These changes remove many of the barriers to shared ownership and make it within the reach of a great deal more people. Currently all sites with shared ownership elements currently under construction in the South Hams have been funded by the previous funding mechanism so will not benefit from these low shares for some time yet.
- 2.2 The Council, since its relaunch of its tenant's incentive scheme for downsizers, has seen renewed interest with a number of very positive enquiries and some moves generated. This will in turn enable homes to be offered to households on the housing register for people who need them. It is with this scheme in mind that the Council looks to its next initiative to support tenants into shared ownership.
- 2.3 The Step On scheme has been designed to mirror the incentive for downsizing, with a payment of up to £5,000 towards the deposit to purchase shared ownership home in the district. It is designed to support those tenants who aspire to own their own home, but who struggle to save the necessary deposit whilst running a household.
- 2.4 This scheme will not be suitable for everyone, and applicants will still need to satisfy all the normal lending criteria required for a mortgage. In the case of some households it is likely they may not be in the same circumstances as they were when they first moved to their home. As their incomes have increased, they may find that shared ownership is a real possibility for them. The Council can support make this a reality, while freeing up their home for someone who needs social housing, and doesn't have other housing solutions open to them.
- 2.5 It is anticipated that if this scheme is approved that the application process will be online. It will require a significant amount of communication as this is new, innovative and is aimed at households who haven't had contact with the Council about housing from when they moved in. Currently there are less than 30 people registered for shared ownership on the help to buy

register so promotion and awareness of this new policy will be key to its success.

### 3. Outcomes/outputs

- 3.1 There has been £60,000 set aside to pilot this scheme from the new homes bonus grant award from 2022/23.
- 3.2 Success of this scheme will be measured by enquiries and interest, and ultimately by the number of households supported, and vacancies generated in the social rented stock

### 4. Options available and consideration of risk

- 4.1 This scheme is a pilot, there is scope to extend the policy to support people on the housing register in housing need, however whilst allowing people to access a different housing option, this would not create the churn in the social housing stock as both the Step on Scheme and the Tenants Incentive Scheme are designed to do.
- 4.2 As part of the pilot scheme we will consult with our RP partners.

### 5. Proposed Way Forward

That the Executive recommend to Council the adoption of the Step On Scheme

| Implications   | Relevant to proposals Y/N | Details and proposed measures to address   |
|--|---------------------------|--|
| Legal/Governance   | Y                         | The scheme will be monitored quarterly, and if as likely overspend because of oversubscription is predicted, a decision to suspend or increase expenditure will be sought from Members., through a report to the Executive   |
| Financial implications to include reference to value for money | Y                         | The day-to-day administration of this scheme will be absorbed into the work of the Housing Options Team.<br>The funding for the incentive awards will be for the initial sum of £60,000 which comes from the new homes bonus grant allocation that has been placed in an affordable housing ear marked reserve of £407,557 |
| Risk   | Y                         | Funding will be released to the buyers solicitor or directly to the registered provider at, or just before   |

|   |   |  |
|---|---|--|
|   |   | completion, to safeguard awards, where the sale fails to progress.   |
| Supporting Corporate Strategy                       | Y | Homes – Better Lives for All<br>Housing Crisis<br>Housing Strategy – Better Homes, Better Lives<br>Making Best use of existing stock |
| Climate Change - Carbon / Biodiversity Impact       | N | No direct carbon/biodiversity impact arising from the recommendations  |
| <b>Comprehensive Impact Assessment Implications</b> |   |  |
| Equality and Diversity                              | N | None, although the policy will continue to be monitored  |
| Safeguarding  | N | None   |
| Community Safety, Crime and Disorder                | N | None   |
| Health, Safety and Wellbeing                        | N | None   |
| Other implications                                  |   |  |

**Supporting Information**

**Appendices:**

Appendix 1 – Step On

**Background Papers:**

None

**Approval and clearance of report**