

CABINET SPOKESPERSON FOR PLACE

Record of a decision taken on Wednesday 8th February 2018

Subject

To gain approval for the Council to contract with the Homes England to participate in the Help to Buy Initiative; enabling the offer of Help to Buy Equity Loan Assistance to qualifying purchasers of the new homes under construction at Blenheim View, Barnsley.

Further to a successful application, the Council has secured an indicative funding allocation of £660,000 to support applications, as required.

Key Risks Associated with the Proposed Action

The main risk is that the Council is unable to deliver against the grant terms and conditions. However, funding will only be drawn down where it is required and by qualifying purchasers (who themselves must evidence compliance with grant terms). If the funding is not required, it will be recycled within the wider Help to Buy programme.

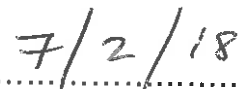
Recommendation

(As report)

Certification by [Chief Executive, Executive Director or Director – insert as appropriate]
Report cleared for consideration by Cabinet Spokesperson



Signed


Date

Decision/Comments of the Cabinet Spokesperson

(Space to write comments, if any)

Recommendation Approved/Not Approved* by Cabinet Spokesperson
(*delete as appropriate)


.....
(Signed) Cabinet Spokesperson

BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

Report of the Executive Director for Place

HOMES AND COMMUNITIES AGENCY (Homes England) - HELP TO BUY

1. Purpose of Report

- 1.1 To gain approval for the Council to contract with the Homes England to participate in the Help to Buy Initiative; enabling the offer of Help to Buy Equity Loan Assistance to qualifying purchasers of the new homes under construction at Blenheim View, Barnsley. Further to a successful application, the Council has secured an indicative funding allocation of £660,000 to support applications, as required.

2. Recommendations

It is recommended that:

- 2.1 Approval is granted to enter into contract with the Homes England to participate in the Help to Buy initiative up to 2021.

3. Introduction

- 3.1 In July 2017 (Cab.26.7.2017/7), Cabinet approved a report committing the Council to the direct development (with Saul Construction as contractor) of new homes of mixed tenure on the Former Longcar PDC site, Longcar Lane (now Blenheim View). The report granted approval for the Council to enter into a design and build contract to deliver 32 new homes; 28 of which would be for sale on the open market. Under its trading name, Met Homes Barnsley, the Council is acting as a private developer on this scheme; having commissioned Haybrooks to manage sales and marketing on its behalf.
- 3.2 Given that up to c.50% of new home sales in the borough rely on purchasers accessing Help to Buy assistance, the Council registered to participate in the Help to Buy Initiative in September 2017. We were informed in December 2017 that we had been successful in securing an initial tranche of up to £660,000 of Equity Loan funding.
- 3.3 Based on providing a maximum allocation of 20% OMV equity, this funding would allow 20 purchasers to access the initiative, initially. There are options to bid for additional funding, if required, although the current profile of purchasers who have made a reservation, suggests that this allocation will be sufficient. The funding will only be drawn down to support a Help to Buy loan application at property exchange of contracts.

4. Current Situation

- 4.1 The units have been marketed off plan over the last four months, with 18 of the 28 'for sale' homes now reserved (22/32 total). There has been a lot of interest in these homes and it is anticipated that all properties will be reserved, prior to practical completion.
- 4.2 Construction works started on site in early January 2018, with all homes due to complete prior to the end of December 2018 (50 week build programme). It is anticipated that the first sales will complete towards the end of July 2018.
- 4.3 Officers are working closely with BMBC Legal, Haybrook's and their solicitors/mortgage company to develop property sales packs, conveyance processes and to agree the contract with the HCA and associated grant drawdown. Subject to approval, the Council can appoint an agent (in this case Just Mortgages part of the Spicerhaart Group which owns Haybrook) to administer the IMS drawdown of funding on our behalf.

5. Proposal and Justification

- 5.1 It is proposed that the Council enters into contract with the Homes England to participate in the Help to Buy initiative up to 2021. This will allow prospective purchasers of the Blenheim View properties to access Help to Buy Equity Loans, where required.
- 5.2 This will ensure that the Council is both protecting its investment in the development of these homes (offering products in line with the private development sector) and offering home ownership options to those who might not otherwise be able to access the housing ladder.
- 5.3 The funding is tied to grant conditions within the Legal Agreement which has been reviewed by BMBC Legal.

6. Consideration of Alternative Approaches

- 6.1 If the Council wishes to act as a developer in the commercial market it needs to offer products in line with the private development sector. Given the success of Help to Buy on all private schemes across the borough, it is imperative that the Council is able to offer similar access to ownership opportunities. Without the offer, the Council could struggle to sell all of the homes (particularly the smaller 3 beds) as it is excluding a section of the housing market on affordability grounds.
- 6.2 More so, the Council should be actively supporting schemes which enable a greater proportion of its residents to access homeownership. This stimulates the housing market and accelerates housing growth, reduces demand on social/affordable rented housing and, most importantly, enables households to realise their aspirations for homeownership.

7. Implications for Local People / Service Users

- 7.1 The new homes delivered at Blenheim View will provide market homeownership, low cost homeownership and affordable rented options. Increasing homeownership opportunities to those currently unable to purchase a home on the open market stimulates the housing market as whole and accelerates growth.

8. Financial Implications

- 8.1 Consultations on the financial implications have taken place with representatives of the Service Director – Finance (S151).
- 8.2 This report seeks approval to enter into an agreement with the HCA to offer prospective homeowners, who qualify for the Help to Buy Equity Loan Assistance, the opportunity to purchase properties on the new housing development lead by the Council on Blenheim View (Longcar site).
- 8.3 An application is completed by the prospective homeowner to the HCA for a loan of up to 20% of the value of the house subject to them meeting the qualifying conditions. When the contract is agreed with the HCA, the prospective purchaser and the Council for a purchase of a property, the Authority will receive the purchase price via a combination of deposit, mortgage and Help to Buy loan.
- 8.4 By being able to offer this as a potential source of funding to prospective homeowners, the Authority can widen its audience for potential buyers, putting us on a similar footing as other house builders.
- 8.5 There are no direct financial implications for the Authority from this report.

9. Legal Implications

- 9.1 Consultations have previously taken place with the Council's Legal Section regarding the content of the Homes England contract.

10. Employee Implications

- 10.1 None arising from this report.

11. Consultations

- 11.1 Consultations have taken place with:
- Berneslai Homes
 - BMBC Legal Services
 - Homes and Communities Agency/Homes England

12. The Corporate Plan and the Council's Performance Management Framework

12.1 Building new homes will help to achieve the following priority within the Council's Corporate Plan:

- Create more and better housing

New homes meet housing need and contribute to growth targets.

12.2 The Council's Performance Management Framework contains the following performance indicator:

- EC29 – Number of NEW Affordable Homes
- EC28 Number of New Home Completions

13. Tackling Health Inequalities

13.1 There are no issues arising from this report.

14. Risk Management Issues

14.1 The main risk is that the Council is unable to deliver against the grant terms and conditions. However, funding will only be drawn down where it is required and by qualifying purchasers (who themselves must evidence compliance with grant terms). If the funding is not required, it will be recycled within the wider Help to Buy programme.

14.2 There will be procedures in place to ensure that purchasers qualify for the scheme and that the Council and its agent administer the grant correctly.

15. Health, Safety, and Emergency Resilience Issues

15.1 There are no direct issues arising from this report.

16. Compatibility with the European Convention on Human Rights

16.1 No issues arising from this report.

17. Promoting Equality, Diversity, and Social Inclusion

17.1 The Help to Buy scheme provides an opportunity for those on lower incomes to access homeownership, which might otherwise be an unaffordable option. This in turn stimulates the housing market.

18. Reduction of Crime and Disorder

18.1 The re-development of the Longcar site will reduce crime and anti-social behavior issues associated with vacant sites (fly tipping etc.).

19. Conservation of Biodiversity

19.1 No matters arising from this report.

Officer Contact: Sarah Cartwright Telephone No: 787942

Date: Dec. 2017

Financial Implications /

Consultation



.....25 /01 / 2018

(To be signed by senior Financial Services officer where no financial implications)

