
EAST CAMBRIDGESHIRE £100K HOMES ALLOCATION POLICY AND GUIDANCE

Committee: Finance & Assets Committee

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[W43]

1.0 ISSUE

1.1 To consider the adoption of the £100K Homes Allocation Policy and Guidance Document

2.0 RECOMMENDATION(S)

2.1 Members are requested to approve the £100K Homes Allocation Policy and Guidance detailed in Appendix 1

3.0 BACKGROUND/OPTIONS

3.1 In January 2020 the Combined Authority Board approved a business case to facilitate the delivery of an affordable housing product known as £100K Homes. These Homes are one-bedroom homes available to buy at £100,000. They offer an affordable step on the property ladder and enable people to live and work locally. These homes are in line with the National Planning Policy Framework as discounted market sale housing. The discount which is calculated at the time of sale will apply to all future sales in perpetuity.

3.2 East Cambridgeshire was the first local authority to secure and deliver £100K Homes. 8 x 1-bed flats have been built in Fordham and applicants are currently going through the sales process.

3.3 Members may be aware that the newly elected Mayor for the Combined Authority has expressed a changed position on how affordable housing should be delivered at Combined Authority level. Although no formal decision has been made by the Combined Authority Board, it is highly likely that £100K Homes will not be a preferred method of affordable housing delivery for the Combined Authority in the future.

3.4 The Council has been fortunate to have secured other sites in the district that could deliver £100K Homes and has the opportunity to continue with the £100k Homes project in the short-term, if it so wishes.

3.5 The Council will not need to make any financial interventions to deliver the schemes that have already been secured. That being said, there is an initial financial commitment to develop the application process which is referred to in the financial implications section.

- 3.6 The implications for the Council relate to the nomination of a person or persons to the properties that have been secured. The process and guidance are detailed at Appendix 1.
- 3.7 Once the Council has nominated a potential purchaser(s) and assuming the purchaser(s) can proceed to ownership, the Council will need to enter into a Resale Price Deed (RPD) with the seller, mortgagee and purchaser. The RPD is, in essence, the deed that secures the discount and the Council's right to nominate a future purchaser. The RPD enables a restriction to be entered on the Land Register to protect the original discount of the £100K Home in perpetuity. The Council will be the beneficiary of the Covenant.
- 3.8 There is no expectation that £100K Homes will be delivered on planning applications that were submitted to the Council after 28 June 2021. The reason for this arises from the recent change to National Planning Policy which requires the Council to secure (and applicants to deliver) discounted market sale housing known as First Homes.
- 3.9 The recent national policy change, which is broadly the same as £100K Homes (although can apply more widely than just 1-bed properties), requires the Council to secure 25% of the 30/40% affordable housing, which is required under the Council adopted policy, to be delivered as First Homes.
- 3.10 In short, First Homes are properties available to those who meet the eligibility criteria which is set out in the national policy and provides for an open market discount of 30%.
- 3.11 A Member seminar will be organised in the coming weeks and will provide more detail of this new national policy change and will identify what the Council can do to prioritise people with a local connection.

4.0 ARGUMENTS/CONCLUSIONS

- 4.1 In order to deliver the sites that have been secured in the district it is necessary to adopt the £100K Homes Allocation Policy (Appendix 1). This policy ensures that the Council is open and transparent about the eligibility and scoring process. Please note that save for a few minor amendments this policy is a replica of the policy that was adopted by the Combined Authority in 2020.
- 4.2 The Policy aims to prioritise those with strong local connections to the area in which each £100K Home comes forward. Employment, and particularly key worker status, in the local area is a key consideration under the Allocations Policy.
- 4.3 Other local connections criteria include: current or previous residency and/or close relatives living in the relevant area.

4.4 Members are recommended to approve the £100k Homes Allocation Policy and Guidance document detailed in Appendix 1.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

5.1 As previously identified there is no requirement for the Council to make financial interventions to deliver £100k Homes. However, the Council does not have the capacity to manage the allocation process.

5.2 The Director Commercial is currently considering 2 options:

1. Commission the Housing Team at the Combined Authority to undertake the allocation process
2. Purchase software that will enable the Council to manage the allocation process

Both options would cost the Council approximately £3,000-£5,000 to deliver the sites that are in the pipeline. These costs can be met from existing budgets in the Infrastructure & Strategic Housing Service.

5.3 Equality Impact Assessment (EIA) not required.

5.4 Carbon Impact Assessment (CIA) is not required.

6.0 APPENDICES

6.1 Appendix 1- East Cambridgeshire District Council- £100k Homes Allocation Policy and Guidance

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Combined Authority Board- 29 January 2020- £100k Homes Business Case- Agenda Item 3.2	Room 105	Emma Grima Director Commercial (01353) 665555 Emma.grima@eastcamb.gov.uk

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

£100K HOMES ALLOCATIONS POLICY AND GUIDANCE

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Introduction and aims

This policy outlines the allocations process for £100K Homes in East Cambridgeshire. It details the eligibility criteria, how applicants will be prioritised, and the process to accept an offer of a £100K Home.

The Allocations Policy is based on a point scoring system.

£100K Homes provides another opportunity to meet the housing needs of those who would otherwise not be able to buy on the open market in their local area. Such households often work in sectors where incomes have not kept pace with increases in house prices.

The £100K Homes Allocations Policy aims to:

- Establish a process that is non-discriminatory and responsive to demand, while contributing to the need to be inclusive and ensure sustainable communities
- Establish an efficient, transparent, fair and effectively controlled basis for the acceptance and processing of applications for £100K Homes ownership
- Provide a system of prioritising applicants ensuring that homes are allocated to people with the strongest local connections to the relevant City/ Town/ Parish

The Council will assess all applications under the terms of this policy.

Where the policy refers to Council it means East Cambridgeshire District Council.

Allocations

The allocations process consists of two key stages:

- 1) Eligibility
- 2) Point score and priority

Stage one: Eligibility

In order to be eligible for a £100K Home the applicant must meet four criteria:

- a) *An inability to afford open market ownership*

Applicants will be subject to a maximum income limit of £50,000 per annum to be eligible. This will take into account income from all sources. In the case of joint applicants, total household income must fall below £50,000 per annum.

- b) *A local connection to city/town/village where the £100K Homes are being delivered*

Applicants must satisfy at least one of the following local connections criteria:

- Employment or self-employment in the city/town/village where the £100K Homes are being delivered
- Armed services personnel enlisting in East Cambridgeshire
- Currently reside in the city/town/village where the £100K Homes are being delivered
- Have resided in the city/town/village, where the £100K Homes are being delivered, during the past 5 years
- Have close family (as defined on page 7) who currently reside in the city/town/village where the £100K Homes are being delivered

In the case of joint applicants, at least one applicant must have a local connection.

c) Do not currently own a home

Applicants must not currently own a home. In the case of joint applicants, neither may currently own a home.

d) Do not have access to capital over 25% of the discounted value of the property

Applicants must not have access to capital over 25% of the discounted value of the property. When a £100K Home is first sold, this means applicants must not have access to over £25,000.

Applicants who meet parts a) b) c) and d) of the eligibility criteria will be invited to submit a full application when a £100K Home becomes available in the area(s) in which they have a local connection.

Stage two: Point score and priority

When a £100K Home becomes available the Council will advertise this availability appropriately. Eligible applicants who have a local connection to the relevant City/Town/Parish will be invited to submit a full application within the given timeframe.

Applicants who have no local connection to the relevant City/Town/Parish but reside in a neighbouring settlement which is featured on a prescribed list, will also be invited to submit a full application.

Applicants who have a local connection to East Cambridgeshire but no local connection to the relevant City/Town/Parish and do not currently live in any of the prescribed neighbouring settlements will not be invited to complete a full application.

The full application form will allow the Council to allocate each applicant with a Point Score. Points will be allocated based on the strength of local connection to the relevant City/Town/Parish using the points table below.

The points system is designed to give a fair representation of an applicant's local connection to the area. The points system ensures that those with the strongest local connections are given priority to purchase a £100K Home.

Points are split into two categories; employment and connectivity. Points are awarded in line with the table below.

Point Score Table

Category	Criteria		Point allocation	Points scored
Employment	Employed or self-employed in relevant City/Town/Parish	Y/N	500	
	Key Worker	Y/N	250	
	Retiring member of the armed forces who enlisted from address in relevant City/Town/Parish	Y/N	250	
Connectivity	Currently lives in relevant City/Town/Parish	Yrs	100 per year, capped at 500	
	Previously lived in relevant City/Town/Parish during the past 5 years	Yrs	80 per year, capped at 400	
	Close family living in relevant City/Town/Parish	Yrs	50 per year, capped at 250	
	Currently lives in prescribed neighbouring settlement	Yrs	50 per year, capped at 250	
	Currently lives in relevant City/Town/Parish and previously lived in prescribed neighbouring settlement	Yrs in neighbouring settlement	50 per year, previous 5 years will be assessed only	
Total points awarded:				

Definitions and qualifying criteria

Residence

This will be the primary residence of applicants and will include, living with parents, in rented accommodation and those in employment-based accommodation.

Employment

In order to accrue local employment points applicants must currently be employed within the relevant City/ Town/ Parish for a minimum of 16 hours per week, and must have held this employment for at least 6 months prior to the expected £100K Home completion date.

If the employer's registered address is not in the relevant City/Town/Parish but your usual place of employment is, this must be evidenced by the employer.

Self-employment

In order to accrue local self-employment points applicants must provide evidence that they have traded from an address in the relevant City/Town/Parish for at least 12 months prior to the expected £100K Home completion date.

Key worker

Key workers are defined as:

- nurses and other NHS staff,
- teachers in schools and in further education or sixth form colleges,
- childcare workers in pre-schools and nursery schools,
- police officers,
- prison service and probation service staff,
- social workers, education psychologists, planners and occupational therapists employed by local authorities,
- whole time junior fire officers and retained fire fighters,
- care workers, and
- serving members of the armed forces

Retiring Member of Armed Forces

These are applicants who have retired from the Armed Forces in the 5 years prior to the expected £100K Home completion date and are enlisted from an address in the relevant City/Town/Parish. Applicants must be able to show a discharge certificate or similar document.

Close family

Close family is defined as spouse, civil partner, parent, child, sibling, step-parent, step-child, step-sibling, grandparent, or grandchild.

'Year' for the purpose of length of residence

The length of residence for both applicants and close family will be calculated using the expected completion date of the £100K Home. Length of residence will be rounded to the nearest year, with any length of time over 6 months being rounded up to one full year.

Joint applications

If applicants are intending to purchase a £100K Home as joint buyers, the application must be submitted as a joint application.

In the case of joint applicants, the score of each individual will be calculated and an average of the two will be applied. If one applicant wishes to cancel their application, the remaining applicant's score will be reassessed using only their circumstances.

Change of circumstances

Applicants who have submitted a full application must promptly inform the Council of any change in circumstances affecting their eligibility for £100K Homes or their point score. This includes changes to income, changes in employment, change in key worker or retiring armed forces status, changes in residence, and changes in close family residence where this has constituted part of the application.

Cancelling an application

Applicants may cancel their application at any time up until the point they accept the offer to purchase a £100K Home.

Please note that once an application is cancelled it will not be possible to reinstate the original application. A person wishing to be considered after an application has been cancelled will need to submit a new application.

Please note that the applications are assessed in the order they are received and the relevant date is the date the new application is received.

Making an offer

When a £100K Home becomes available the Council will advertise this availability appropriately, and all those who have a local connection to the relevant City/Town/Parish or live in one of the prescribed neighbouring settlements will be invited to submit a full application. Applicants will be made aware of the deadline to submit full applications.

Once the deadline to submit full applications has passed, all applicants will be allocated a point score and a shortlist of the top scoring applicants will be produced.

The Council will assess applications by order of delivering. Where applicants have equal points the date and time of submission will be the determining factors.

Applicants will be notified if they are on the shortlist and of their position on that list, and will be invited to view the property/ properties as soon as it is practical to do so.

The applicant with the highest point score will be given the first opportunity to accept the offer of a £100K Home. If they are unable or unwilling to go ahead with the purchase within a given timeframe, the home will be offered to the household with the second highest score, then the third, and so forth.

Evidence

At the point of shortlisting applicants will be required to provide evidence of their eligibility and all of the local connections criteria for which they are receiving points. Where evidence cannot be produced, it may be necessary to reduce the applicant's point score accordingly.

Illustrative examples of evidence that may be required:

- Payslips, or annual tax return if self-employed

- Previous tenancy agreement, utility bills or other evidence of residency for both the applicant and any family member residency that the applicant is relying on for their point score
- Copies of bank statements
- Discharge certificate from Armed Forces
- We may undertake a credit check to verify the details you have provided

Accepting an offer

Once an offer is made to an applicant for the purchase of a £100K Home the applicant will be responsible for securing a mortgage and appointing solicitors to undertake the conveyancing process. The Council will specify the timescale in which this should be completed by. If the applicant is unable to complete within this time period the Council will contact the next applicant on the waiting list.

It is important to note that an offer of a £100K Home does not constitute any kind of contract or guarantee as to the sale.

The Council cannot provide any sort of advice or guarantee with regards to securing a mortgage. Many things can affect an applicant's ability to secure a mortgage, such as a poor credit history or insufficient deposit. Applicants should seek independent advice on these matters.

Withdrawal of offers

In exceptional circumstances, the Council may withdraw an offer where:

- There has been a change in the applicant's circumstances which deems them ineligible, or
- The applicant is unable to provide evidence to support their application, or
- The applicant has submitted incorrect, false or misleading information and this has a material effect on their eligibility or point score, or
- Where an error has been made in the advertising criteria.

Non-eligible applicants

Applicants (including anyone intending to live with the applicant) will not normally be eligible if any of the following apply:

- a) A previously owned home has been repossessed by their mortgagor, unless the mortgage has been fully redeemed, or a payment plan in place, or
- b) The applicant is currently in rent arrears, or
- c) They have been declared bankrupt within the last 6 years, or

- d) The applicant has been evicted on the grounds of anti-social behaviour within the last 6 years, unless the applicant is able to provide a satisfactory landlord reference to mitigate this

Applicants must be at least 18 years of age.

Overcrowding

The Council will not allocate a £100K Home if to do so would cause overcrowding. £100K Homes are one-bedroom properties, likely successful applicants would be either single adults or couples.

Case specific guidance

Partial home ownership

Where an applicant partially owns a home with others that are not part of their household (due to inheriting part of the property or any other reason) they will not be eligible to purchase a £100K Home.

Staying contact with children

We will consider applicants who have staying contact with children where the children do not live with the applicant for the majority of the time (less than 50% of the time).

High-risk offenders

In the case of high-risk offenders, the Council will liaise with the National Probation Service and the MAPPA (Multi-agency Public Protection Arrangements) co-ordinator to assess the application to manage the associated risks.

Allocations to staff, family members of staff and elected members

Members of Council staff, their close family and elected Council Members who wish to apply for a £100K Home may do so in the same way as other applicants. Their status should be disclosed on the application form at the time of applying. Before an applicant who is a member of Council staff, their close family or an elected Council Member is made an offer, approval will be sought from the Director Commercial.

Allocations for a subsequent £100K Home sale

When selling a £100K Home the process is slightly different than a standard sale. The owner will be required to have the property valued by a RICS surveyor. The sale price will then be set to reflect the same percentage discount on market value that the £100,000 purchase price originally reflected.

Once the current owner has notified the Council and undertaken the RICS valuation, the Council will have a set period of time to nominate the subsequent purchaser, using this Allocations Policy.

In the unlikely event that the Council is unable to nominate a buyer within the given time period, the owner will be able to market the home more widely. However, the discount will remain the same and will not defer to the open market value.

Changes to the Allocations Policy

The Council will monitor the operation of and review this policy regularly to ensure it meets its stated objectives.

Data protection

The Council complies with the General Data Protection Regulations (GDPR).

Decision reviews and complaints

In the first instance, assessment of applications and allocation of points will be carried out by Council officers (the Council may outsource this function if it wishes and would do so in full compliance with Data Protection Regulations).

Once a fully completed application form has been received the Council Officers will assess the form against the criteria set out in this Allocations Policy. A decision will be made by the Council Officers and an allocation awarded to the person/persons who score the highest points. Where there are equal points scored, the successful applicant will be the applicant that submitted their application form first.

In the event that an applicant is not satisfied with the decision made then a Stage 1 review will be carried out by a more senior Officer.

The applicant will need to demonstrate with evidence, which will be requested at the point of review, where the dispute arises.

If there is further dispute on the Stage 1 review, the application will be reviewed by a member of the Corporate Management Team who will be a different senior Officer from the senior Officer who conducted the Stage 1 review.