

Cosmopolitan Housing Association

Home Ownership and Neighbourhood Sustainability

Policy Statement

February 2010

1 INTRODUCTION

- 1.1 CHA owns and manages approximately 2000 properties in Liverpool, Wirral, Halton, Knowsley, Sefton, St Helens, Warrington and West Lancashire. The Association has close working relationships with the Local Authorities, and a range of partner and stakeholder groups in each of these areas. CHA is now well positioned to build upon its strengths as a flexible organisation that can be relied upon to deliver continued growth alongside a commitment to service excellence.
- 1.2 CHA aims to provide high quality and affordable housing whilst contributing to the broader generation of sustainable communities. CHA does this through engaging with its customers and working in partnership with key stakeholders to help create neighbourhoods where people want to live today, and in the future
- 1.3 The core housing services that CHA delivers are summarised as follows:
- Housing management services, including estate management; lettings; and resident involvement.
 - Property management, including planned and responsive repairs.
 - Development of social housing, including housing for rent and shared ownership.
- 1.4 CHA also engages in more diverse activities, such as:
- Specialist accommodation for asylum seekers
 - Student accommodation (managed by Cosmopolitan Student Homes)
 - Non-grant funded housing developments including intermediate rented housing and supported housing

2 APPROACH TO HOME OWNERSHIP & OTHER TENURES

- 2.1 A key corporate objective of CHA is to achieve sustainable growth, as set out in its Corporate Strategy and Business Plan. In pursuit of this growth objective, CHA aims to provide high quality and affordable homes that people want to live in, and which contribute to the broader regeneration of the communities in which CHA operates.
- 2.2 CHA supports and actively engages in the development and management of low cost home ownership housing through its overall contribution to the development of vibrant, mixed and sustainable communities. This is provided by CHA, to people who are in housing need, who cannot usually afford to buy a home outright. This widens the opportunities for such persons to participate in home-ownership who otherwise would not be able to do so.

3 ROUTES INTO HOME OWNERSHIP THROUGH COSMOPOLITAN HOUSING ASSOCIATION

Shared ownership

- 3.1 Shared ownership enables people in housing need to purchase a share of a property from a housing association such as CHA, with rent paid to the housing association on the remaining share.
- 3.2 Where CHA sells a property on a shared ownership basis, the purchaser is afforded the same rights and responsibilities as a full owner-occupier. They are a leaseholder of CHA, who retains the freehold interest in the property, which is normally on a standard lease. The initial lease period is usually 99 years though this may vary due to the conditions of purchase of the site.
- 3.3 A shared ownership purchaser can normally purchase an initial 50% share of the property. However, this can vary from scheme to scheme, where greater flexibility may be offered.
- 3.4 The minimum initial share that CHA would make available for purchase in such Government funded schemes is 25% and the maximum is 75%.
- 3.5 Following the initial purchase of a share in the property, the leaseholder can purchase further shares in the property through a process known as “staircasing”. Staircasing in principle can operate both upwards and downwards. Upwards staircasing involves the leaseholder purchasing increased shares in the property. Downward staircasing involves the housing association agreeing to purchase shares in the property back from the leaseholder. Downward staircasing is subject to Government restrictions. It is only permitted in instances of “flexible tenure”, defined as follows:
 - The repurchase of equity by a housing association from a shared owner in difficulty, but not necessarily in arrears, with his/her mortgage repayments; or
 - In the case of property specifically built as shared ownership for older people, the repurchase of equity to pay for essential repairs or maintenance if the leaseholder cannot afford to pay for the work.

Rent to purchase

- 3.6 Using the shared ownership model mentioned previously, this allows prospective purchasers to take up occupation initially as a tenant, paying a discounted rent with a view to purchasing a share or shares of the property

within a five-year period. This removes the requirement for a deposit although applicants need to satisfy the shared ownership eligibility criteria.

Right to Buy

- 3.7 Existing CHA tenants who have a 'preserved Right to Buy' can purchase their home with a discount that increases with the duration of their tenancy. The property will be purchased outright by the resident and there will be no equity remaining with CHA although some service charges may apply to flats etc. A deed of pre-emption allows CHA to have the first option for purchase at re-sale
- 3.8 The tenant is able to receive a discount on the market value of the property on the following basis:
- a minimum discount of 32%
 - a maximum discount of 60% for houses and 70% for flats; and
 - a cap at £26,000 for any discount

This product only is only available for properties where the following applies:

- (i) the tenant transferred from a local authority to CHA and as such has a 'preserved Right to Buy'; and
- (ii) the tenant has been a secure tenant for at least two years

Right to Acquire

- 3.9 Existing CHA tenants who do not have a 'Preserved Right to Buy' can purchase their home with a discount. The property will be purchased outright by the resident and there will be no equity remaining with CHA although some service charges may apply to flats etc. A deed of pre-emption will allow for CHA to have first option at re-sale.

The tenant will be able to receive a discount on the market value of the property to the value of £9,000.

This product only is only available for properties where the following applies:

- (i) the tenant has been a public sector assured tenant for at least two years; and
- (ii) if the tenancy began after 18 January 2005, they have been a secure tenant for no less than five years.

4 NEIGHBOURHOOD SUSTAINABILITY

What is a sustainable neighbourhood?

4.1 A sustainable neighbourhood is:

- Active, inclusive and safe
- Well designed, built and managed
- Environmentally sensitive, well connected and well served
- A place where people choose to live, work and stay

4.3 CHA's "core" activities are obviously those of a Housing Association/registered Provider (RP).

However, the nature of the neighbourhoods in which it operates, means that it must take extra steps to ensure these neighbourhoods prosper, continue to be places that people want to live, and that the local environment is one that fosters opportunity for people to be able to achieve their potential.

4.3 CHA needs to ensure that the neighbourhoods in which it operates are stable and sustainable with regard to its position as a socially responsible organisation that wants to provide high quality services that support the well-being of its customers. CHA also needs to nurture stability and sustainability from a business perspective, to ensure that the local environment, into which it has invested significant financial resources by way of its Development and Asset Management Programmes, is an environment that people choose to live in, so that demand continues for CHA's housing enabling it to remain viable in the future.

4.4 In line with strategic Government thinking, both regionally and nationally, CHA sees the creation of mixed tenure communities as key to supporting the delivery of sustainable neighbourhoods. In this regard and in dialogue with strategic partners such as local authorities and in consideration of its own Business Plan objectives it will, where feasible and reasonable continue to offer affordable home ownership opportunities.

Measuring the impact

4.5 Given the nature of CHA's dispersed stock in a wide range of neighbourhoods, it will endeavour to measure the effectiveness of its approach to home ownership at a local level, by utilising pre-existing 'sustainability indicators' collated by a number of relevant agencies. Examples of these can be categorised as follows:

Socio- economic

- Demographic profile
- Unemployment levels
- Housing benefit claimants
- Average incomes

Health

- Mortality rates

Environment

- Vacant property rates
- Tenure statistics/change
- Housing types
- House prices

Community

- Crime statistics
- Indices of Multiple Deprivation

Education

- Educational achievement

In addition, CHA will utilise its own data relating to issues such as:

- Current Demand - Number of voids over 28 days
- Long term demand - Number of Right to buys and Right to acquires
- Image of Neighbourhood - Number of offers before properties are let
- Quality of Housing - % of 'non –decent' homes
- Social exclusion - % of households in rent arrears

4.6 However, as previously stated, CHA's housing stock is dispersed across a variety of neighbourhoods in multiple local authority areas. As such, it will consider how appropriate and viable it is to develop its own neighbourhood sustainability model rather than utilising pre-existing successful models that may be available.

Strategic response

4.7 CHA will use the statistical information obtained from these sustainability measures to inform its strategic discussions with partner agencies and other stakeholders, in order to tailor its own approach to offering affordable home ownership products to support neighbourhood sustainability.

4.8 Additionally it will consider relevant data from other sources such as Housing Needs Survey, Neighbourhood Renewal Assessments, and the investment strategies of other agencies both public and private.

- 4.9 There will be a need for the approach adopted to reflect the organisations business objectives, whilst not exposing CHA to undue risk.
- 4.10 In conclusion, it must be recognised that addressing tenure imbalance through the promotion of affordable ownership in itself will not achieve sustainability within neighbourhoods. Wide varieties of other regional and local factors need to be considered. CHA in partnership with other neighbourhood stakeholders and strategic partners will work with communities to develop neighbourhood plans that endeavour to address local priorities.

5 CONSULTATION

- 5.1 The Association will consult on an annual basis with staff, outside agencies (including local authorities) to promote continuous improvement and develop good practice in this policy.
Prior to making any changes to this policy, the Association will consult with and consider the views of:
- All relevant staff
 - Senior Management Team and Management Board
 - The Tenants' Forum
 - Residents, Tenants Groups, individual interested tenants and leaseholders
 - All relevant outside agencies (including Local Authorities, the Homes and Communities Agency and Tenant Services Authority) as required)

6 REVIEW

- 6.1 The Association will formally review this policy on a 2 yearly basis, unless changes in legislation, regulation, strategy and/or market conditions require an earlier review.
- 6.2 Findings and recommendations will be presented to the Association's Board of Management after the views of the Forum have been considered. A review team will carry out each review.
- 6.3 Progress reports will be made to the Board of Management, to enable monitoring against strategic aims and objectives and agreed performance indicators.



7 POLICY REVIEW SUMMARY

Policy Title Dated Created	Home Ownership and Neighbourhood Sustainability 9th February 2010
Review Period	2 yearly
Review Committee	Board of Management
Version Date last amended Authorised by	1.0 9th February 2010 Board of Management
Date of last review	n/a
Date of next review	February 2012