

## CEREDIGION COUNTY COUNCIL

**Report to:** Cabinet

**Date of meeting:** 6<sup>th</sup> June 2023

**Title:** Community Housing Scheme Proposal

**Purpose of the report:** For Cabinet to consider the proposal for the Community Housing Scheme

**For:** Decision

**Cabinet Portfolio and Cabinet Member:** Councillor Clive Davies, Cabinet Member for Economy and Regeneration

### BACKGROUND:

Affordable Housing in Ceredigion is a key priority of the Corporate Strategy, the Wellbeing Plan, the Housing Strategy and the Local Development Plan and the Council deploys significant resources in creating and managing affordable housing.

We know from the latest Local Housing Market Assessment (2019) there is a need for 32% of all housing to be affordable. Background work for the LDP and the Housing Strategy (2023-2028) demonstrates that a greater variety of 'affordable products' are needed to meet the needs of those seeking different types of affordable home. However, the greatest demand remains within the social rented unit sector which stands at 67% of all affordable housing need (LHMA 2019).

'Community Housing' seeks to support people to meet their affordable housing needs in their local communities by creating a pathway to home ownership.

The Council made a commitment to support such a scheme in March 2022:

**Council Minute; Meeting of Council, Thursday 3<sup>rd</sup> March 2022 – Item 13**  
<https://Council.ceredigion.gov.uk/mgAi.aspx?ID=2258&LLL=0>

Following a vote, it was **RESOLVED** that:

- a) *The Council decision 24/03/2016 Minute 12) Report of the Deputy Chief Executive upon the Council Tax Premiums for long-term empty homes and second homes, point 4 be amended as follows:*
- “4.a) The level of Council Tax Second Homes Premium charged to be set at 25% (with effect from 1 April 2017); and,*
  - b) that all monies raised from the 25% Council Tax Second Homes Premium (net of the Council Tax refunds), be ring -fenced and used to support the Community Housing Scheme.”*

- b) *That all monies raised from the 25% Council Tax Second Homes Premium between the period 01/04/2017 to 31/03/2022 (net of Council Tax refunds), to be ring-fenced and used to support the Community Housing Scheme.*
- c) *That all monies raised from the 25% Council Tax Second Homes Premium from 01/04/2022 (net of the Council Tax refunds), to be ring-fenced and used to support the Community Housing Scheme.*
- d) *That from 01/04/2022, all monies raised from the 25% Council Tax Empty Homes Premium (net of the Council Tax refunds), be ring-fenced, and used to support the Community Housing Scheme.*
- e) *That Council decision 16/03/2017 minute 8.b) Council Tax Premiums on Second Homes, be revoked*
- f) *That details of a shared equity element of the scheme are prepared and agreed within 12 months of the Council decision and that work continues on the other options.*
- g) *The possibility of establishing a Community Benefit Scheme be deferred for one year.*

The attached papers outline a proposed Community Housing Scheme for Ceredigion. Enclosure A provides an overview of the scheme including the key points, whilst the full detail can be found in Enclosure C.

Also attached at Enclosure D is the feedback from the Corporate Resources Overview and Scrutiny Committee held on 13 March 2023. In relation to the three suggestions made, the Task and Finish Group reconvened to consider them and provide further comments as follows.

1. *That the Council undertake their own formal structural survey on the subject property, to assess its condition, prior to a formal offer.*

Following consideration, Officers have concluded that this is cost prohibitive and would lead to protracted timescales to undertake the valuations as these would need to be procured from an external organization, there being no capacity inhouse. Therefore, it is suggested that should the mortgage lender be satisfied (where the greatest financial risk lies) then the Council can also be satisfied. This would then reduce the need to undertake further checks to ensure works were completed satisfactorily and the need to commission surveyors to also do this work. Where there is no mortgage required, then the applicant would be required to submit a suitable survey report as part of their application. However, the guidance for the scheme will include that it might be in the interest of the applicant for them to have a structural survey undertaken. And that if the property has been constructed within the last 10 years then they should check to see if the property is covered by the National House Building Council (NHBC) warranty or similar scheme and, if so, that applicants should have sight of that.

2. *That any formal offer to lend by the Council is conditional on any works identified in the Council' survey. Works should then be undertaken within a given amount of time – suggest possibly six months*

Given the comments at 1. above, this would not be applicable.

3. *The report (attachment A of the agenda papers) states that ‘the Council loan can be for a period no longer than the period of the associated mortgage’ - consideration of the repayment of the loan needs to be given to those with no mortgage so that repayment is made either upon first sale or transfer of the property.*

This was duly considered and accepted and will form part of the application process. Any loan would be for a maximum period of 25 years then pay back is required. Equity release would be an option for repayment should the owner have insufficient funds and a mortgage or loan be unaffordable. To ensure the incentive to staircase early is clear, repayment will be at the actual amount borrowed, unless at the end of the loan period / 25 years – then the higher of loan amount versus % value of the property is to be paid.

Scrutiny also suggested that the payment timings of commuted sums for market housing be reconsidered and that members form part of the task and finish group. These fall outside the scope of the current work but will be considered in other workstreams.

**Has an Integrated Impact Assessment been completed? If, not, please state why** Yes

**Summary:**

**Long term:** The scheme is designed to ensure the long-term support of Ceredigion residents to secure a home. Thus, supporting those in housing need to remain in their communities.

**Collaboration:** The scheme is a collaborative piece of work across multiple service areas reflecting and building on the evidence base we have regarding affordability difficulties in the county much of which has been the subject of public engagement such as the Housing Strategy, the LDP, The Corporate Strategy and the Well Being Plan.

**Involvement:** The community have been involved in communicating their needs through other consultations, this scheme aims to address them through internal collaboration.

**Prevention:** The scheme is designed to prevent those qualifying households from being priced out of the market, prevent rural decline and further depopulation.

**Integration:** The scheme is integrated into work alongside the LDP, The housing strategy the Corporate Plan and the Well-Being Plan.

**Wellbeing of Future Generations:**

**Recommendation(s):** To approve the Community Housing Scheme Proposal.

**Reasons for decision:** To support a new route to affordable home ownership for the residents of Ceredigion who qualify.

<b>Overview and Scrutiny:</b>	Corporate Resources Overview and Scrutiny Committee
<b>Policy Framework:</b>	The Local Development Plan, The Well Being Plan, The Corporate Strategy, The Housing Strategy.
<b>Corporate Well-being Objectives:</b>	The Community Housing Scheme aligns with the Wellbeing Plan 2018-2023 Community Resilience Aim 1 'Enable Communities to become more prosperous, sustainable, and connected by supporting the transformation of economic prospects. Improve physical and digital infrastructure to support economic development, including suitable and affordable homes.' It is not in conflict with any of the wellbeing aims and indirectly supports all of them.
<b>Finance and Procurement implications:</b>	There will be finance implications in that the finance necessary to fund the scheme is to be taken from the Second Homes pot as per council decision referenced in the main report. It is hoped that over time the scheme can be partly self-financing as loans are re-paid. Though this is a longer-term ambition. The finance team will be involved in the management of the scheme.
<b>Legal Implications:</b>	The scheme is similar to an existing legacy scheme from the 1990s for which the legal team are familiar. They have influenced the scheme design and will be involved in managing the loan process.
<b>Staffing implications:</b>	Some staff costs will occur in managing the scheme and this has been factored in the scheme costings for which a top slice has been made from the total scheme costs. The staff managing the scheme are all existing members of staff with work re-profiled to ensure capacity.
<b>Property / asset implications:</b>	The council will not be landowners in this context but will have an interest in the properties which can be realised throughout the 25-year period to Mortgage end. The council's interest will crystallise at payments made by the homeowner throughout the 25-year period based on the initial investment made, or the percentage share value of the property at the end of the 25-year period.
<b>Risk(s):</b>	The main risks from the scheme stem from the fact some homeowners could potentially face repossession and then the council's interest would be secondary to the main mortgagee. However, in the Council's history of offering similar products this has not happened to date.
<b>Statutory Powers:</b>	The finance and legal team are content this falls within the authority's statutory powers to exercise.

**Background Papers:** None

**Appendices:** Enclosure A – Overview of Community Housing Scheme Proposal  
Enclosure B – Potential Scheme Reach  
Enclosure C – Full community Housing Scheme Proposal Report  
Enclosure D – Feedback from the Corporate Resources Overview and Scrutiny Committee

**Corporate Lead Officer:** James Starbuck, Corporate Director

**Reporting Officer:** Sarah Groves-Phillips and Llyr Hughes

**Date:** 13 March 2023

## OVERVIEW OF COMMUNITY HOUSING SCHEME PROPOSAL

Report of:	James Starbuck, Corporate Director
Reporting Officers:	Sarah Groves-Phillips, Planning Policy Officer Llyr Hughes, Corporate Manager – Housing Services
Date:	14 <sup>th</sup> February 2023
Subject of the Report:	Relaunch of a Community Housing Scheme
Purpose of the Report:	<ul style="list-style-type: none"><li>• To propose a new scheme that supports our Affordable Housing principles and that is fit for the current financial climate.</li><li>• To seek direction regarding progress through the democratic processes</li></ul>

### **Background**

On average, 45 new affordable homes are delivered each year through planning gain and the social housing grant (SHG). Since the start of the LDP period (2008) 675 new affordable homes have been delivered countywide.

However, this is not enough, and by any measure, there is a greater need than we can presently supply. The 'Community Housing' scheme seeks to support people with affordable housing in their local communities by creating pathways to home ownership. The most common way to do this is through a shared equity product.

- Potential purchasers get a mortgage for c.50-70% share of the home
- The Council holds a share,
- The Council offers an opportunity for the owners to 'staircase up' to higher share ownership of the property over time as their circumstances change.

Such a proposal was taken through Council by the last administration. A Task and Finish Group has since identified that a repeat of the scheme is deliverable but, to make best use of resources, some tweaks to the parameters are required.

This paper sets out the potential eligibility criteria, sources of funding and management overheads of such a product, as well as a range of alternative options that could be pursued to further fund the scheme once the initial pot is utilised.

### **Demand for the Scheme**

Since the Council made a commitment to create a scheme, press interest suggests there is strong demand for Council-backed support for affordable housing. With the housing market more constrained, local demand for housing support is still high (approx. 1,748 active applications on the Housing Register).

There already exists a stock of over 4,000 affordable homes across Ceredigion of varying tenures (over 12% of the total housing stock countywide). However, this is

## Enclosure A

not enough to meet demand as the existing properties are generally restricted to those people in most need (social rented). There remains a group of people who we may consider in 'intermediate need' that wish to purchase or rent properties in their local communities who are 'priced out of the market' due to the increasing demand for rural properties and availability of affordable units in rural settlements.

When the original Scheme was developed, the approach was to offer a shared equity product like the previous 'HomeBuy' scheme, essentially providing occupiers with a 20-40% share of the property value held as a legal charge on the property and at subsequent sale the charge would be repaid to the Council. It was recognised that this would potentially only be able to help a small number of people with the finance available to the Council to implement the scheme.

Several national & local incidents have since impacted the housing market:

- *cost-of-living crisis*: impacting energy bills and mortgage rates.
- *mortgage market volatility*: becoming more restrictive with borrowing being reduced to many people; responding to the squeeze on household incomes
- *phosphates issue*: restricting development across >45% Ceredigion (and expected to widen), compounding the issue of house prices rising locally.

These issues are restricting the borrowing capacity of local people and means the county needs more creative solutions that neither risk negative equity nor set them up to purchase a home they cannot afford to run; especially given most Ceredigion residents rely on off-grid heating solutions. Given this changing picture, a tighter cap on the amount of shared equity the Council commits needs to be applied to:

- maximise the benefit of the scheme
- ensure people are receiving support to purchase homes they won't then struggle to maintain and heat
- ensure they are not so reliant on the Council's investment that they are unable at some future point to staircase out of an intermediate product

In addition, nationally, concerns around empty properties persist, and Welsh Government have since required all authorities in Wales to prepare an empty property action plan and introduced a range of mechanisms to bring them back into occupation and this needs to influence the design of any new scheme.

Further thinking has also emerged to support people to staircase out of affordable housing, releasing funds to recycle the benefit to future users of the scheme. The previous scheme did not specifically address this issue and effectively locked people into the scheme until re-sale. This meant that demand outstripped supply quite quickly. An unintended impact also saw potential for people to access the scheme who had alternative options but saw it as a mechanism to access a property without committing their own capital.

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### The New Scheme

The proposed amendments are in line with changes to national policy, namely Future Wales' The National Plan 2040 which sets a stricter housing requirement on the region. Constraints related to phosphates issues, and the empty property action plan mean repurposing our existing housing stock for modern use is a key priority of the 'in development' housing strategy.

Therefore, in considering how the Community Housing Scheme can **maximise** the support available to people, the following recommendations are made;

1. A **minimum deposit** will be required by applicants of 5% of the full purchase price to access the scheme, thereby ensuring all parties involved have committed capital. This will also help protect the value of the Council's equity share in the event of falling house prices.
2. The maximum amount of shared equity percentage the Council should contribute to **occupiable housing** should be no more than 20%, to ensure the available pot can be maximised. And at a future point in time occupiers can re-mortgage to staircase out of the scheme.
3. The maximum amount of shared equity percentage the Council should contribute to **registered empty properties** is 40%, reflecting the higher costs in bringing empty homes back into substantive use. This cap has been widened beyond that of 'ready to move in housing' recognising that the costs involved in bringing homes back into use will be higher and homeowners will need capital for renovations as well as purchase. There are also less concerns around negative equity as the works undertaken on the home should ensure a return on investment for the homeowner.
4. The **maximum house price** should reflect the average Ceredigion house price with a small buffer to ensure sustainability assuming prices continue to rise. and will, for the scheme relaunch, be set at £300,000 which is broadly the average house price in Ceredigion (£278,920) with a 5-10% buffer. The house price cap will be reviewed annually at the start of financial year and continue to reflect the methodology outlined above.
5. Priority should be given to proposals whereby bringing back an **empty home** into substantive use is a key principle.
6. The scheme will be managed on a **first come, first served** basis.
7. Formal **staircasing** options will be included in the shared equity agreement, encouraging staircasing within specified timeframes. This crystallises the Council's investment at earlier intervals than the previous scheme and ensures people are not locked into an intermediate product in perpetuity.
8. That **participation** in this scheme would not prohibit householders from accessing other support such as empty property grants etc.
9. **Ongoing resourcing** of the scheme will be required to ensure its future sustainability; thus, the funding pot will be top sliced to ensure that officer time to administer the scheme is factored into the overall cost with an allowance for future cost rises.

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10. The task and finish group would also recommend conditions relating to the repayment of the loan, which may themselves drive demand to staircase:

- a requirement to repay the cash amount loaned OR the equivalent percentage value of the property, whichever is higher

and

- that the Council loan can be for a period no longer than the period of the associated mortgage

11.

The proposed eligibility for the scheme mirrors the existing scheme. In brief,

- it must be the applicant's only home,
- they must have 5 years occupancy in Ceredigion at any point in their lifetime (or specific Key Worker / Carer exemptions) and,
- they must not be able to afford a mortgage for 10% more than the agreed AH valuation of the property.

### **Risks**

Overall, the risk to the Council arising from this scheme is deemed to be low and, where there are areas of risk, there are several mitigation options that will reduce that risk to an acceptable level.

The main risk stems from the unknown direction of the property market in the short-term, particularly in view of the comparatively high house prices being seen in the county. The risk crystallises if the Council provides equity to support a purchase and the buyer then decides/needs to sell the property within a short period of time where the market may be going through a 'correction'. This will lead to the Council receiving less equity back than it paid out. As the scheme would operate legally as a 2<sup>nd</sup> charge on the property, if the mortgagee were to default then the mortgage company as the 1<sup>st</sup> charge would be the priority for repayment. Whilst this has to date (as far as we are aware) never occurred to CCC, it is a risk.

Over the longer term we would expect the market to increase, as has historically proven the case.

### **Turnover & Funding**

A further item to consider is the level of demand of occupiers to staircase to full ownership. Some owners will be keen to own the entirety of the property (and will actively re-mortgage within the timescales set by the scheme), providing the authority with the deposit back in good time. Others, for a variety of reasons, will not. The legal agreements for the scheme, will provide guidance as to when this is required and what may constitute exceptional circumstances.

There will be a resource implication to administer the programme and it is recommended that a budget provision is provided to the relevant services; top sliced from the funding raised from the Second Home Premium.

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Allowing for the time spent by officers per application, the expected number of applications (likely higher in the first year) and some initial setup of databases and processes, the suggested budget per service is shown below. In subsequent years, the amounts may need revising to cover pay awards.

**Table 4: Budget Provision for Services from Community Housing Fund**

<b>Service</b>	<b>Year 1</b>	<b>Annually Year 2 onwards</b>
Economy & Regeneration / Housing	£13,500	£6,500
Finance & Procurement	£4,000	£2,500
Legal & Governance Services	£1,000	£500
<b>TOTAL</b>	<b>£18,500</b>	<b>£9,500</b>

The scheme will be funded by the money raised from the 25% Council Tax Second Homes Premium. As at 31<sup>st</sup> March 2022 there was £1.12m available in the reserve with an estimated £400k to be added for the financial year 2022/23. This means there will be an estimated £1.5m available at 31<sup>st</sup> March 2023. Going forward it is estimated that the Council Tax Second Homes Premium will continue to raise £400k per annum to fund this scheme.

In addition to the Council Tax Second Home Premium, funding will be released as equity loans are repaid to the Council as properties are sold or when owners staircases to full ownership.

## Enclosure B – Potential Scheme Reach

With the estimated funding available at 1<sup>st</sup> April 2023 (£1.5m), there is potential to assist the purchase of a minimum of 25 occupiable properties **or** 13 empty properties at a maximum purchase price of £300k, more if assuming a lower valuation. The likely outcome will be a mix but with more occupiable properties supported rather than empty properties.

Annually thereafter it is anticipated the Council Tax Second Home Premium at the current 25% premium will continue to raise circa £400k for this scheme. Assuming a £300k maximum purchase price, this will support an estimated minimum of 7 occupiable **or** 3 empty property purchases.

It should be noted that if the second home premium charge increases, then the available pot could be increased to reflect higher returns.

As purchasers staircase to full ownership of their property (and effectively purchase the Council's equity share of their property) these funds will be recycled into the scheme funding pot to allow further households to be supported. It is difficult at this stage to estimate when this staircasing will occur.

**Table 1: Equity Share Illustration**

	<u>Occupiable Property</u>		<u>Empty Property</u>	
Assumed Maximum Purchase Price @ <b>£300,000</b>		<b>£300,000</b>		<b>£300,000</b>
<u>Funded by Equity Share:</u>				
Purchaser	5%	£15,000	5%	£15,000
Ceredigion County Council	20%	£60,000	40%	£120,000
Mortgage	75%	£225,000	55%	£165,000
		<b>£300,000</b>		<b>£300,000</b>
Assumed Maximum Purchase Price @ <b>£200,000</b>		<b>£200,000</b>		<b>£200,000</b>
<u>Funded by Equity Share:</u>				
Purchaser	5%	£10,000	5%	£10,000
Ceredigion County Council	20%	£40,000	40%	£80,000
Mortgage	75%	£150,000	55%	£110,000
		<b>£200,000</b>		<b>£200,000</b>

The previously highlighted changes will ensure that corporate priorities are prioritised, guard against abuse of the scheme, and encourage crystallisation of the committed capital at earlier intervals than previous schemes. It is anticipated that the following number of households could be supported based on the relative percentage shares of invested capital:

## Enclosure B – Potential Scheme Reach

Table 2: Households Supported

	<u>All as Occupiable Properties</u>	<u>All as Empty Properties</u>
Estimated Funding available 1st April 2023	£1,500,000	£1,500,000
Equity Required Per Property (£300k Purchase Price)	£60,000	£120,000
<b>No. Purchases Available</b>	<b>25</b>	<b>13</b>
Equity Required Per Property (£200k Purchase Price)	£40,000	£80,000
<b>No. Purchases Available</b>	<b>37</b>	<b>18</b>

# Opsiynau Tai Cymunedol

## Community Housing Scheme



Cyngor Sir  
**CEREDIGION**  
County Council

## Enclosure C

### Executive Summary

Affordable Housing in Ceredigion is a key priority of the Corporate Strategy, the Wellbeing Plan, the Housing Strategy and the Local Development Plan and the Council deploys a significant number of resources in creating and managing affordable housing.

- On average, 45 new affordable homes are delivered each year through planning gain and social housing grant (SHG).
- Since the start of the LPD period (2008) 675 new affordable homes have been delivered countywide.
- Affordable homes now stand at approximately 12% of total county wide housing stock.

However, this is not enough and by any measure there is a greater need than we can presently supply.

There are 3 main types of affordable home in Ceredigion

- social rent,
- discounted for sale and,
- a variety of types delivered through national Welsh Government led schemes.

We know from the latest Local Housing Market Assessment (2019) there is a need for 32% of all housing to be affordable. Background work for the LDP and the Housing Strategy (2023-2028) demonstrates that a greater variety of 'affordable products' are needed to meet the needs of those seeking different types of affordable home. However, the greatest demand remains within the social rented unit sector which stands at 67% of all affordable housing need (LHMA 2019).

Fortunately, Welsh Governments priority is also in affordable housing and this year, and the coming years, sees the highest levels of SHG funding available to Ceredigion to build on its extensive housing program. This, alongside the planning gain-delivered affordable homes has often been at the higher end of delivery per capita of population of all local authorities in Wales.

'Community Housing' is seeking to support people to meet their affordable housing needs in their local communities by creating a pathway to home ownership. The most easily understood way to do this is through a shared equity product.

- Potential purchasers get a mortgage for the 50-70% share of the home they need
- the Council holding the remaining share,
- The Council offers an opportunity for the owners to 'staircase up' to higher share ownership of the property over time as their circumstances change.

This was a proposal taken through Cabinet and Council by the last administration. A Task and Finish Group, set up to consider all available forms of affordable home

## Enclosure C

ownership, has identified that this scheme is deliverable but to make best use of resources, some tweaks to the original proposal are required. Alongside this are proposals of other options that should be explored to maximise the number of people who can be supported.

Deposit Support & Shared Equity has been recommended as the most appropriate vehicle for supporting community housing as, typically, Rent to Own (R2O) schemes have suffered with a range of problems including

- mortgage ability,
- rent arrears,
- lack of staircasing to higher share ownership,
- difficulty managing the scheme and,
- viability issues.

Many other R2O type products have been withdrawn nationally due to these such problems.

Utilising existing eligibility criteria and the experience of the policy and housing teams in managing affordable homes countywide, alongside the housing team's knowledge of the homebuy scheme and desire to extend it, has Ceredigion well placed to introduce and manage such a product.

This paper outlines the existing situation in relation to affordable homes and sets out the eligibility criteria, potential sources of funding and management of such a product in greater detail. As well as range of alternative options that could be pursued to further fund the scheme once the initial pot is utilised.

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### 1. Community Housing - the ambition...

To support local people to access affordable housing in rural communities that meets their needs.

### 2. Lessons Learned

Since the Council made a commitment to support such a scheme and with the subsequent press interest, it is clear there is a strong demand for Council backed support for affordable housing. However, the scheme as originally envisaged could only support a small number of applicants due to the limited funding pot available. The housing market has also become more constrained with interest rates rising, house prices rising, lending drying up and demand locally still high.

### Council Minute; Meeting of Council, Thursday 3<sup>rd</sup> March 2022 – Item 13

<https://Council.ceredigion.gov.uk/mgAi.aspx?ID=2258&LLL=0>

Following a vote, it was **RESOLVED** that:

- a) The Council decision 24/03/2016 Minute 12) Report of the Deputy Chief Executive upon the Council Tax Premiums for long-term empty homes and second homes, point 4 be amended as follows:
  - “4.a) The level of Council Tax Second Homes Premium charged to be set at 25% (with effect from 1 April 2017); and,
  - b) that all monies raised from the 25% Council Tax Second Homes Premium (net of the Council Tax refunds), be ring-fenced and used to support the Community Housing Scheme.”
- b) That all monies raised from the 25% Council Tax Second Homes Premium between the period 01/04/2017 to 31/03/2022 (net of Council Tax refunds), to be ring-fenced and used to support the Community Housing Scheme.
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- d) That from 01/04/2022, all monies raised from the 25% Council Tax Empty Homes Premium (net of the Council Tax refunds), be ring-fenced, and used to support the Community Housing Scheme
- e) That Council decision 16/03/2017 minute 8.b) Council Tax Premiums on Second Homes, be revoked
- f) That details of a shared equity element of the scheme are prepared and agreed within 12 months of the Council decision and that work continues on the other options.
- g) The possibility of establishing a Community Benefit Scheme be deferred for one year.

To assess how best to move this ambition forward a Task and Finish Group of technical officers was established to look at whether the original scheme could still be delivered, given heightened negative equity risks, or whether an alternative scheme could be supported. This paper examines the present situation as well the options that could be taken forward.

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### 3. What Affordable Homes do we have?

There are 3 main types of affordable homes in Ceredigion, and these are:

- 1. Social Rented properties** – these properties are owned and managed by Registered Social Landlords (RSLs). These homes are allocated from the Housing Register, there are 3437 social rented homes in Ceredigion and approximately 1746 people on the waiting list (July 2021). The homes are allocated on a priority basis to those in greatest housing need.
- 2. Discounted for Sale properties** - these homes are often known as Affordable homes and are available to purchase at a discounted value (usually 70% of open market value). There are 278 affordable homes across Ceredigion with a further 195 consents available to be developed.
- 3. National Affordable Housing schemes** – there are a range of schemes from Welsh Government (WG) that support people to purchase or rent an affordable home and developers usually advertise and manage these schemes through estate agency routes. Some new homes developed in recent years in Llanon, Penrhyncoch and Rhydyfelin have been offered on the 'help to buy' scheme. There are very few affordable rental properties available in Ceredigion. In total we estimate that national schemes account for approximately 50 homes in total in Ceredigion.

**On average 45 new affordable (discount for sale or social rent) homes are delivered each year.**

#### 3.1 Social housing grant delivered affordable homes

Across Ceredigion there are currently 3,437 Social rented homes, managed by a group of RSLs that are zoned by Welsh Government to operate within Ceredigion. There are also a small number of Intermediate Rented properties again owned by the RSLs which have been delivered either via the SHG Programme or alternatively directly acquired by the RSLs.

Both types of Affordable Housing are restricted to those who have applied via the online Housing Register system (ABRITAS). There are a number of separate Housing Registers available which include the General Needs Accommodation Register, Intermediate Housing Register, the Older Persons Register, The Wheelchair Accessible Register, the Sheltered and Extra Care Registers in addition to a number of further Low-Cost Home Ownership (LCHO) Registers such as Shared Ownership, Shared Equity and also the S106 (DFS) Discounted For Sale. These have been included to assist in gauging demand (but not necessarily eligibility) for additional LCHO tenures as well as provide up to date needs data for the Planning Section of the Council in determining planning applications and planning policy.

Whilst many newer developed social rented properties are built in larger settlements, there remains a range of legacy stock available countywide Appendix 2 (see below for map figure 1) sets out the locations of social rent units across Ceredigion. The



## Enclosure C

The Housing Service are also responsible for several related services such as determining whether Mortgage Rescue might be appropriate in certain circumstances. Also, in determining eligibility and considering whether an exception may apply under S157 of The Housing Act 1985 relating to properties bought under the Right to Buy scheme. This applies to properties that are in a national park, an area of outstanding natural beauty or an area designated as a rural area.

The Housing Team are also responsible for the oversight of several Open Market properties (approx. 30 remaining) under the WG Homebuy scheme whereby the Local Authority retains a 30% to 50% equity share of the home with the owner required to pay that share back at time of sale. This is a legacy Welsh Government scheme operated by Local Authorities under the Social Housing Grant system. The Housing Team have considered whether it would be appropriate to re-launch the Homebuy scheme in Ceredigion by both utilising the realised 30% equity receipts from sales as and when available plus allocating or Top-slicing SHG as part of the SHG programme. It could also be considered that this is another potential use for Section 106 Commuted Sums to help deliver a wider range of affordable Homes in Ceredigion. However, discussions with RSLs raise concerns on who and how the scheme would be financed and managed given capacity constraints.

These schemes are part of the new Affordable Housing Delivery Strategy which has been drafted over the past year and was developed as part of the formal requirement for the Council to provide an Affordable Housing Prospectus to support the latest Affordable Housing delivery ambitions of Welsh Government. The intention is to increase both the number and importantly the range of affordable Housing options available across Ceredigion and to provide opportunities for local people to be able to afford to purchase or build their own homes close to their local communities wherever possible.

### 3.2 Planning delivered affordable homes

In terms of the Low-Cost Home Ownership (LCHO) in Ceredigion we also have 278 Affordable homes that have been delivered through the planning system, with a further 195 consents available for new affordable homes to be built. These are open to anyone who can qualify under the AH criteria, which centres on not being able to borrow 10% more than the asking price of the dwelling and having lived in Ceredigion for 5 (or 10 under older property schemes) years at any point in their life and / or being a key worker or in need of or providing care for someone. The owners of these properties own 100% of the property, however the maximum selling price of the property is 70% of the open market value at the time of sale. We also offer a S106 Intermediate Rent type of AH but these have not widely been taken up by developers with very few properties available locally.

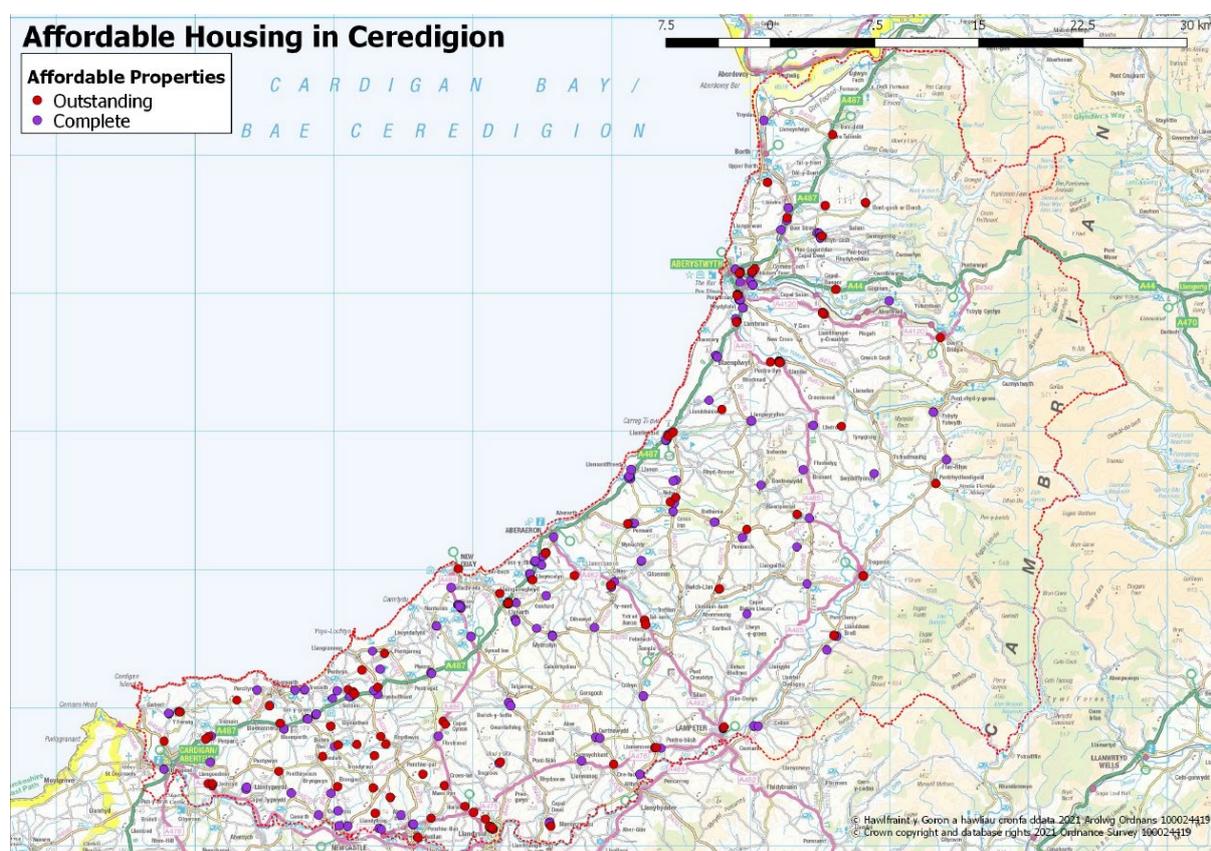
The spread of planning gain affordable homes countywide is broadly equal across settlement types with limited urban vs rural divide - Appendix 1 (see below for map

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Figure 2) sets out the locations of completed affordable units and existing outstanding consents countywide.

The Economy and Policy teams are operating a trial of identifying plots for self-build under the existing AH scheme criteria, 2 plots have been successfully allocated in Ciliau Aeron and the Economy team are identifying further Council land holdings that could be utilised for such a scheme. A strategy is also currently being prepared by the policy team addressing affordable self-build and Live / Work units for Council land holdings that could be sold or rented to eligible occupiers. At present due to uncertainty around delivery in regard to nutrient neutrality issues some of this work has stalled but could be picked up again at such time as resources allow.

Figure 2 Planning Gain affordables in CCC (data as of 2021)



The Housing Team have contacted the Development Bank of Wales specifically in relation to the Welsh Government Self-Build Wales Scheme. The Team have considered whether the recent changes to the way the scheme operates are likely to make the scheme more attractive to Ceredigion residents. In doing so, underdeveloped or underused land could be transformed into suitable plots for new self-build and custom-build homes.

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There are several potential benefits to the scheme to support self/custom builds, e.g.

- Identifying plots with planning permission already in place
- Potential savings in not paying third party developer profits on a new build (Circa 20% minimum)
- The Development Bank provides Interest free loans only repayable upon completion

However, in considering the scheme in further detail it is not likely to be taken up in great numbers in Ceredigion as most of the land available is in rural areas and thus not policy compliant for open market housing (which in effect this model is) as after 5 years the property can be disposed of on the open market. The Housing and Economy and Regeneration teams continue to look for suitable plots on which the scheme could be trialled.

Further to the development of affordable homes on sites of 5 or more houses, as part of the LDP on sites of under 5 units a commuted sum is payable at 10% of the gross development value (GDV) or on individual units 10% of the off-plan valuation at planning stage the commuted sum becomes payable at first sale or transfer. At present there is an 'owing' amount of £2 million in deferred capital receipts (commuted sums crystallised upon first sale or transfer) and in real terms a pot of circa £148k to be spent on affordable housing countywide. Ceredigion is an anomaly, regionally, in requiring the commuted sum be paid upon first sale or transfer with similar schemes nationwide operating on an upfront payment mechanism.

On average through the planning system, 45 additional affordable and social rent homes are developed per annum. This is liable to fluctuate annually in accordance with levels of funding available and numbers of general market housing being developed. The target in the LDP for AH is set at 20% of all homes to be affordable. This has been exceeded in most years and currently stands at 28%. Since the start of the LDP period 675 planning gain and social rent affordable homes have been delivered in CCC.

### 3.3 National Schemes

A range of housing options also exist at a national level operating in the county, and these include:

- **Help to buy**
- **Rent to own**
- **Shared ownership**
- **Shared Equity**
- **Homebuy**

The additional paper (Appendix 3) discusses these schemes in broader detail but in brief:

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- These are usually run or managed by Welsh Government, private developers and RSLs depending on the product being offered.
- Ceredigion has not traditionally had many Help to Buy properties available. However, in recent years this number has increased and many of the new homes in Stad Crag Ddu (Llanon), Maes y crugiau (Aberystwyth), and Ger y Cwm (Penrhynoch) operated under this scheme and have sold quickly.
- Unfortunately Help to Buy Wales will cease at the end of March 2023, largely in part to the £250,000 property value cap now no longer reflecting current house prices but also with concerns around negative equity.
- Rent to Own (R2O) type schemes have been trialled by RSLs and financial viability has been difficult to achieve generally. That said, to date, 2 x 3 Bed R2O family homes have been delivered in Cennarth and a further 14 have or are scheduled for delivery in Lampeter within the next 12 – 18 months, enabled via the SHG Programme.

### 4. How many AH do we need?

The 2019 Local Housing Market Assessment (LHMA), a collaborative 5-yearly assessment undertaken with the housing team (utilising the 2014 population projections) identifies a need for 660 new affordable homes which is 28% of all future housing stock to be affordable with the greatest need (64%) in the social rented sector. Utilising the model to re-run the analysis on the 2018 population projections (which reflect the declining population projections for Ceredigion) suggests that we only need affordable units in the county and no further open market housing. This corresponds with the WG focus in Future Wales The National Plan 2040 on 67% of housing need in the Mid Wales region being affordable, with a regional 20 year housing target of 1,600 units in total. This is significantly below what Ceredigion, Powys and Brecon Beacons National Park currently deliver. We are currently working collaboratively across the Planning, Housing and Performance services to re-run the analysis utilising the All-Wales LHMA model and investigating the impact of the census data on the results. It is likely to recognise limited demand for open market housing with a greater focus on affordable products particularly those to meet Intermediate Needs.

### 5. What are the Criteria used to determine eligibility of CCC Affordable Housing?

To ensure that the planning delivered affordable homes in Ceredigion are genuinely occupied by people in affordable need, we expect occupiers to obtain a certificate issued by the planning policy team whereby they demonstrate that they meet the 3 eligibility criteria set out below:

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### 5.1. Financial Qualification:

#### **In Respect of Discounted For Sale Affordable Housing:**

A (combined) ability to borrow not more than the amount required to purchase the property at its discounted price plus 10% of that price. In respect of plots for self-build the 'discounted price' will be based on an off-plan estimate of the value of the unit.\*

#### **In Respect of Intermediate Rent Affordable Housing:**

It is important that the Intermediate Rent affordable housing scheme should reach its target audience, that is:

- those who are realistically unlikely to be able to access housing through the Common Housing Register who may have little option but to choose to spend a higher proportion of their income as rent than is deemed 'affordable' (i.e., >35%).

Intermediate Rental properties will be 'banded' by size and applicable intermediate rent level.

The specifics will change over time as a function of rent and wage levels in the county and the property size / rental value bandings from time to time will be set out in SPG.

Eligibility to occupy Intermediate Rent Affordable Housing needs to satisfy the following requirements:

- Applicant is a household with at least one member working full time (defined for the purpose of this scheme as 35 hours per week)
- Intermediate Rental property applied for will not be 'under-occupied' by the household (that is, it meets the needs of the household as confirmed by the Senior Housing Officer for Affordable and Specialist Housing).
- The applicant cannot access market rented properties to meet their needs at 35% or less of their gross earned household income

### 5.2. Residency Qualification

In the current LDP (under the past UDP it was 10 out of 20 years but this was considered un-mortgage-able by the Council for Mortgage Lenders CML)

In Respect of Discounted For Sale and Intermediate Rent Affordable Housing:

i. A local connection in that the applicant must at some time in their life have lived in Ceredigion or an adjoining town/community Council area (or a combination of the two) for a continuous period of 5 years.

Or

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ii. A need to live in Ceredigion to substantially care for or be cared for by a close relative where the relative meets the requirements of paragraph “2(i)” above and the relative’s property is incapable (whether as it stands or subject to extension) of meeting the needs of the combined household.

Or

iii. A need to be in Ceredigion for employment purposes as a key worker on a full time (35 hours) permanent basis. For the purposes of the LDP, a key worker is defined as being a:

- a) teacher in a school or in a further education establishment or sixth form college,
- b) nurse or other skilled health worker in the National Health Service,
- c) police officer
- d) probation service worker,
- e) social worker
- f) an educational psychologist
- g) an occupational therapist employed by the local authority,
- h) fire officer, or
- i) any other person whose employment fulfils an important role in the provision of key services in Ceredigion where recruitment from within the County has proven difficult.

### 5. 3. Occupancy As Sole Residence:

In respect of Discounted For Sale and Intermediate Rent Affordable Housing:

The applicant will be expected to occupy the property as their sole residence and will be required to confirm that they do not own other residential property. Where the applicant is returning to Ceredigion and has unsold property which they previously occupied then a period of grace of not more than 12 months will be extended to allow the sale of the property to take place.

### 6. Community Housing – a scheme

As the above sections have demonstrated there already exists a stock of over 4,000 affordable homes (over 12% of the total housing stock countywide) across Ceredigion of varying tenures. However, this is simply not enough to meet demand as the existing properties are generally restricted to those people in most need (Social rented) and those people eligible to purchase under the AH scheme.

There remains a group of people who we may consider in ‘intermediate need’ who wish to purchase or rent properties in their local communities who are ‘priced out of the market’ due to the increasing demand for rural properties and availability of affordable units in rural settlements. This has been compounded by shrinking mortgage offers, rising mortgage deposit requirements and increasing interest rates.

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Therefore, supporting these people to remain in their communities is where 'community housing' could assist.

### 6.1 The previously approved approach – Shared Equity

When this scheme was developed previously the approach was to offer a shared equity product similar to the previous 'HomeBuy' scheme which essentially provided occupiers with a 20-40% share of the property value held as a legal charge on the property and at subsequent sale the charge would be repaid to the Council. This it was felt would support those people being priced out of the market locally but, given the cost of housing, it was recognised that this would potentially only be able to help a small number of people with the finance available to the Council to implement the scheme.

### 6.2 What's changed?

Since this scheme was developed a variety of national changes have made the mortgage market more volatile. These include the cost-of-living crisis, which has seen energy bills and mortgage rates rise. The mortgage market in responding to the squeeze on household incomes has become more restrictive with borrowing being reduced to many people, which is slowly seeing a fall in house prices nationally.

From a local perspective, the phosphates issue, which is restricting development across over 45% of Ceredigion (and is expected to be widened in the coming months), is also compounding the issue with house prices continuing to rise locally. This, alongside the national issues outlined above, is restricting borrowing capacity of local people and means the county needs to seek more creative solutions that do not potentially put people in a negative equity situation or set them up to purchase a home they may not be able to afford to heat, given most Ceredigion residents rely on off-grid heating solutions.

Given the changing picture above, a tight cap as to what amount of shared equity the Council would commit needs to be applied to:

- maximise the benefit of the scheme
- ensure people are receiving support to purchase homes they will struggle to maintain and heat
- ensure they are not so reliant on the Council's investment that they are unable at some future point to staircase out of an intermediate product

The concerns nationally around empty properties persist, and Welsh Government have required all authorities in Wales to prepare an empty property action plan and introduced a range of mechanisms to bring them back into occupation. A Welsh Government ministerial statement on empty homes has pledged support of £50 million pounds [£50m to bring empty homes back to life | GOV.WALES](#). Therefore, supports to encourage the substantive use of empty homes in the scheme would be welcomed nationally and help to address the concerns around Nutrient Neutrality

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which are stifling development county wide. There are currently over 800 empty properties in Ceredigion, spread countywide (see map in Appendix 4), therefore sufficient opportunity for redevelopment of such properties exists within the scheme.

Since the development of the last scheme, further thinking has emerged regarding supporting people to staircase out of affordable housing, releasing funds to recycle the benefit to future users of the scheme. The previous scheme did not specifically address this issue and effectively locked people into the scheme until re-sale. Amendments need to be considered to support people to access open market housing ensuring the funds are recycled for other future scheme users or other affordable housing options.

It was also clear from some of the communication following the press release of the previous scheme that demand would outstrip supply quite quickly. There was also potential for people to access the scheme who had alternative options but saw it as a mechanism to access a property without committing their own capital.

Thus, the Task and Finish Group set up to consider relaunching the scheme have added this learning into their thinking and have built on the previously undertaken risk assessment. The T&FG has sought to develop the scheme to accommodate these concerns and, where possible, benefit-stack several corporate priorities, plans and strategies.

### 6.3 The suggested amendments

The amendments are in line with changes to national policy, namely Future Wales' The National Plan 2040 which sets a stricter housing requirement on the region. Constraints related to phosphates issues, and the empty property action plan mean repurposing our existing housing stock for modern use is a key priority of the 'in development' housing strategy.

Therefore, in considering how the Community Housing Scheme can be best managed to maximise the support available to people, the following recommendations are made;

1. A minimum deposit will be required by applicants of 5% of the full purchase price to access the scheme, thereby ensuring all parties involved have committed capital. This will also help protect the value of the Council's equity share in the event of falling house prices.
2. The maximum amount of shared equity percentage the Council should contribute to **occupiable housing** should be no more than 20%, to ensure the available pot can be maximised. And at a future point in time occupiers can re-mortgage to staircase out of the scheme.
3. The maximum amount of shared equity percentage the Council should contribute to **registered empty properties** is 40%, reflecting the higher costs in bringing empty homes back into substantive use. This cap has been widened beyond that of 'ready to move in housing' recognising that the costs

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involved in bringing homes back into use will be higher and homeowners will need capital for renovations as well as purchase. There are also less concerns around negative equity as the works undertaken on the home should ensure a return on investment for the homeowner.

4. The maximum house price should reflect the average Ceredigion house price with a small buffer to ensure sustainability assuming prices continue to rise. This will be based on the Wales House Price Index administered by the Principality [Welsh House Price Index | Wales House Price Index \(principality.co.uk\)](http://www.principality.co.uk) and will for the scheme relaunch be set at £300,000 which is broadly the average house price in Ceredigion (£278,920) with a 5-10% buffer. The house price cap will be reviewed annually at the start of financial year and continue to reflect the methodology outlined above.
5. Priority should be given to proposals whereby bringing back an empty home into substantive use is a key principle.
6. The scheme will be managed on a first come, first served basis.
7. Formal staircasing options will be included in the shared equity agreement, encouraging staircasing within specified timeframes. This crystallises the Council's investment at earlier intervals than the previous 'HomeBuy' scheme and ensures people are not locked into an intermediate product in perpetuity.
8. That participation in this scheme would not prohibit householders from accessing other support such as empty property grants etc.
9. Ongoing resourcing of the scheme will be required to ensure its future sustainability; thus, the funding will be top sliced to ensure that officer time to administer the scheme is factored into the overall cost with an allowance for future cost rises.

**Table 1: Equity Share Illustration**

	<u>Occupiable Property</u>		<u>Empty Property</u>	
Assumed Maximum Purchase Price @ <b>£300,000</b>		<b>£300,000</b>		<b>£300,000</b>
<u>Funded by Equity Share:</u>				
Purchaser	5%	£15,000	5%	£15,000
Ceredigion County Council	20%	£60,000	40%	£120,000
Mortgage	75%	£225,000	55%	£165,000
		<b>£300,000</b>		<b>£300,000</b>
Assumed Maximum Purchase Price @ <b>£200,000</b>		<b>£200,000</b>		<b>£200,000</b>
<u>Funded by Equity Share:</u>				
Purchaser	5%	£10,000	5%	£10,000
Ceredigion County Council	20%	£40,000	40%	£80,000
Mortgage	75%	£150,000	55%	£110,000
		<b>£200,000</b>		<b>£200,000</b>

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The previously highlighted changes will ensure that corporate priorities are prioritised, guard against abuse of the scheme, and encourage crystallisation of the committed capital at earlier intervals than previous schemes. It is anticipated that the following number of households could be supported based on the relative percentage shares of invested capital:

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**Table 2: Households Supported**

	<u>All as Occupiable Properties</u>	<u>All as Empty Properties</u>
Estimated Funding available 1st April 2023	£1,500,000	£1,500,000
Equity Required Per Property (£300k Purchase Price)	£60,000	£120,000
<b>No. Purchases Available</b>	<b>25</b>	<b>13</b>
Equity Required Per Property (£200k Purchase Price)	£40,000	£80,000
<b>No. Purchases Available</b>	<b>37</b>	<b>18</b>

At this stage it is difficult to foresee the proportion of occupiable or empty property purchases that will be supported but with the estimated funding available at 1<sup>st</sup> April 2023 (£1.5m) there is potential to assist the purchase of a minimum of 25 occupiable properties **or** 13 empty properties at a maximum purchase price of £300k, more if assuming a lower valuation. The likely outcome will be a mix but with more occupiable properties supported rather than empty properties.

Annually thereafter it is anticipated the Council Tax Second Home Premium at the current 25% premium will continue to raise circa £400k for this scheme. Assuming a £300k maximum purchase price, this will support an estimated minimum of 7 occupiable **or** 3 empty property purchases. It should be noted that if and when decisions around increasing the second home premium charge are made then the available pot could be increased to reflect higher returns.

As purchasers staircase to full ownership of their property (and effectively purchase the Council's equity share of their property) these funds will be recycled into the scheme funding pot to allow further households to be supported. It is difficult at this stage to estimate when this staircasing will occur.

The task and finish group would also recommend conditions relating to the repayment of the loan, which may themselves drive demand to staircase:

1. a requirement to repay the cash amount loaned **OR** the equivalent percentage value of the property, whichever is higher,

and

2. that the Council loan can be for a period no longer than the period of the associated mortgage

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### 6.3 Eligibility

The potential eligibility for the scheme is to mirror the existing DFS scheme as outlined on pages 10 and 11. In brief,

- it must be the applicants only home,
- they must have 5 years occupancy in Ceredigion at any point in their lifetime (or specific Key Worker / Carer exemptions) and
- they must not be able to afford a mortgage for 10% more than the agreed valuation of the property.

### 7. Risks of the scheme

Overall, the risk to the Council arising from this scheme is deemed to be low and where there are areas of risk, there are several mitigation options that will reduce that risk to an acceptable level.

The main area of risk stems from the unknown direction of the property market in the short-term, particularly in view of the comparatively high house prices being seen in the county. The risk will crystallise if the Council provides equity to support a purchase and the buyer then decides or needs to sell the property within a short period of time where the market could be going through a 'correction' or a period of lower prices. This will lead to the Council receiving less equity back than it paid out originally.

Over the longer term we would expect the market to increase as has historically proven the case. A similar scheme operated by the Council in the 1990s led to purchased properties, in the main, being held for a longer period and the Council received equity returns of 3 to 4 times due to the increase in the market over that period.

The Risk Assessment of the previous scheme is included as Appendix 5, and as noted from the proposed changes (listed in section 6.3), a range of mitigations have been employed to better manage these risks in the amended scheme.

It is understood the scheme would operate legally as a 2<sup>nd</sup> charge on the property and therefore no S106 agreement would be required. This ensures future eligibility as it is not the property that is affordable, rather it is the share, should the Council wish to ensure it is a sanctioned Affordable Product. In such a scheme it is prudent to be mindful of potential issues and, in a shared equity approach, if the mortgagee were to default then the mortgage company as the first charge would be the priority for repayment. It is possible the Council would not get back their share as the second charge in a repossession scenario. Whilst this has to date (as far as we are aware) never occurred to CCC, it is a risk that needs to be noted.

A further item to be considered is the level of demand of occupiers to staircase to full ownership. Whilst there will be some owners who are keen to own the entirety of the

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property (and will actively re-mortgage within the timescales), providing the authority with the deposit back in good time, there will be others who, for a variety of reasons, do not. Therefore, in the legal agreements for the scheme, clear guidance as to when this is required and what may constitute 'exceptional circumstances' will be necessary.

### 7.1 Who will manage the scheme?

The planning policy team will manage the eligibility of the scheme and are currently managing a stock of over 400 affordable units. When undertaking eligibility certification, no value judgements are made; it is a simple process of determining whether an applicant qualifies or not, and where competition exists a first come first served eligibility process is observed.

Once an applicant has demonstrated they are eligible through the certification process and valuation of the property has been confirmed through the Estates team, the Finance and Legal teams will progress the transaction with regard exchange of finances and securing of the second charge on the property. The housing team will then monitor the properties and review in accordance with the specified time frames the opportunity for the householder to staircase up in full or in part and organise the process with the legal team as required.

There will be a resource implication for administering the programme and thus it is recommended that a budget provision is provided to the relevant services that is top sliced from the funding raised from the Second Home Premium. Allowing for the expected time spent by officers per application, the number of expected applications (which will be significantly higher in the first year) and some initial setup of databases and processes the suggested budget to be allocated per service is shown in the table below. After a number of years these recommended amounts may need to be revised to provide for increased costs as a result of pay awards.

**Table 4: Budget Provision for Services to be provided from Community Housing Fund**

<u>Service</u>	<u>Year 1</u>	<u>Annually Year 2 onwards</u>
Economy & Regeneration	£13,500	£6,500
Finance & Procurement	£4,000	£2,500
Legal & Governance Services	£1,000	£500
<b>TOTAL</b>	<b>£18,500</b>	<b>£9,500</b>

### 7.2 How will the scheme be financed?

The scheme will be funded by the money raised from the 25% Council Tax Second Homes Premium. As at 31<sup>st</sup> March 2022 there is £1.12m available in the reserve

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with an estimated £400k to be added for the financial year 2022/23. This means there will be an estimated £1.5m available at the 31<sup>st</sup> March 2023.

Going forward it is estimated that the Council Tax Second Homes Premium will continue to raise £400k per annum to fund this scheme.

In addition to the Council Tax Second Home Premium, funding will also be released as equity loans are repaid to the Council as properties are sold or when the property owner staircases to full ownership. This funding will be recycled back into the scheme. It is difficult to predict the timing and quantify when this funding will be received.

Section 6.3 above provides details around the estimated number of house purchases these funds will assist.

### 7.3 Further work to be organised

1. Policy to amend current housing forms to include new scheme
2. Legal to create funding contract with staircasing options
3. Housing to create monitoring framework for managing staircasing
4. Policy to liaise with Estates most manageable form of valuation protocol
5. Finance to organise how best to manage transactions

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### Appendices

Appendix 1 – Map of Planning Gain Delivered Affordable Homes countywide



Appendix 1 -  
Affordable Housing in

Appendix 2 – Map of social rent units countywide



Appendix 2 - RSL  
Property Locations 20

Appendix 3 – Planning Policy discussion paper on shared equity products and merits of different schemes



Appendix 3 -  
planning policy discus

Appendix 4 – Map of empty properties countywide



Appendix 5 - Empty  
Properties Map.pdf

Appendix 5 – Risk assessment of original scheme



Appenedix 6 -  
Community Housing I

Appendix 6 – Loans Procedure (powers)



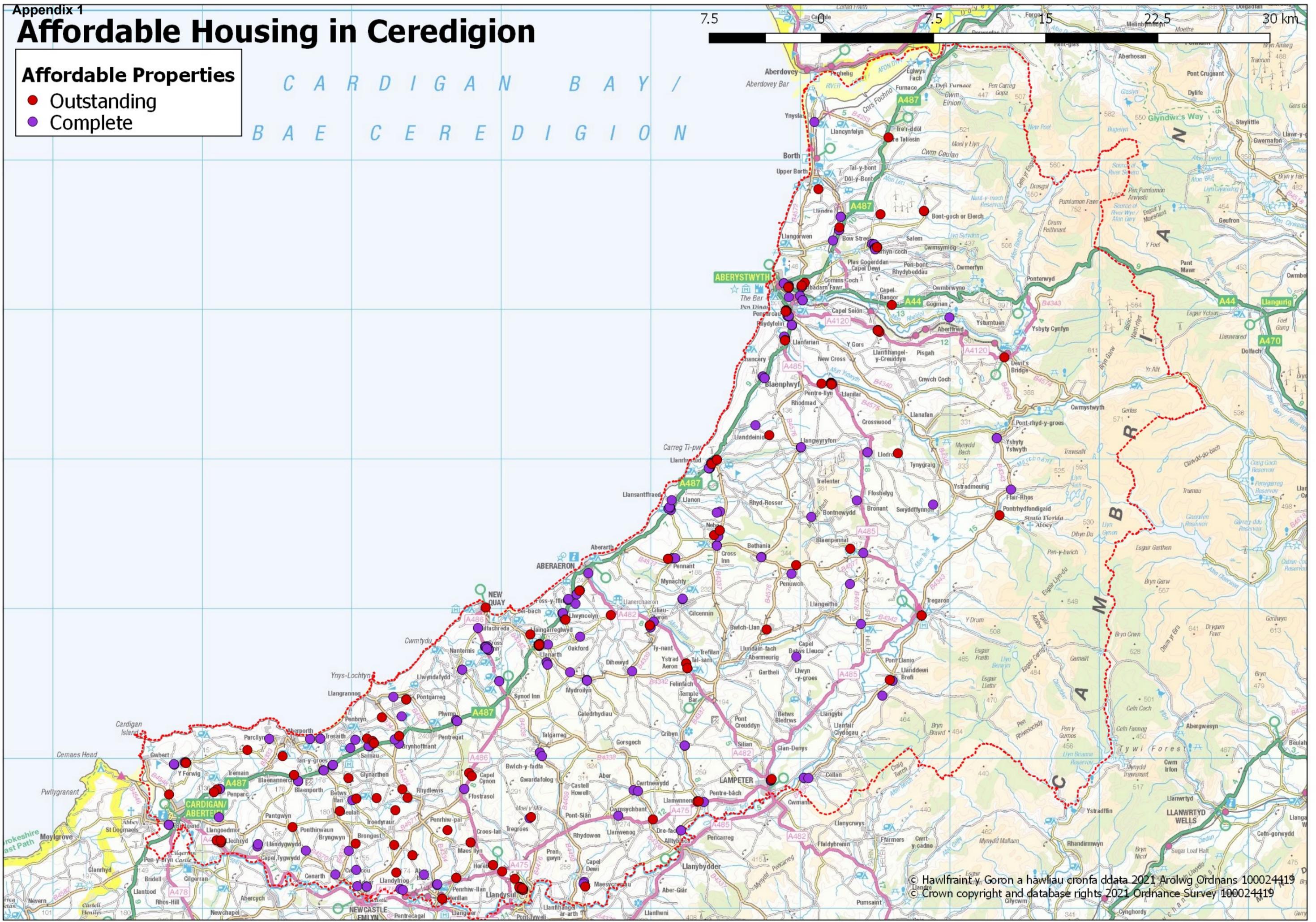
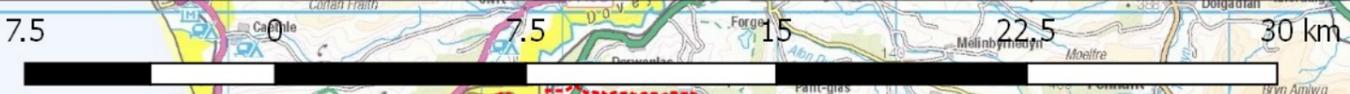
Loans procedure-  
Community Housing S

# Affordable Housing in Ceredigion

**Affordable Properties**

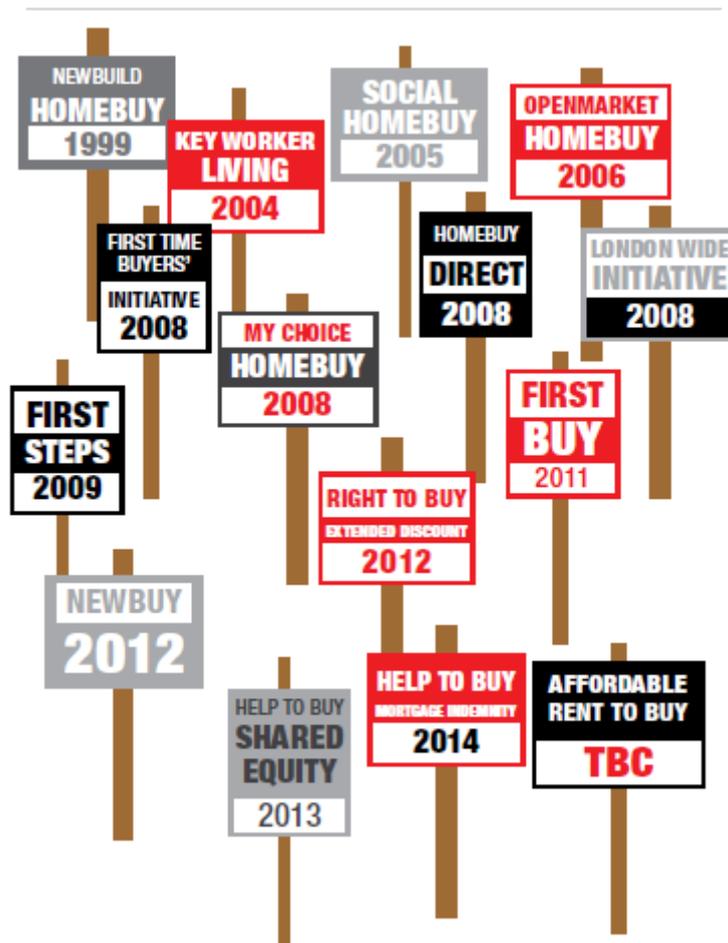
- Outstanding
- Complete

C A R D I G A N B A Y /  
B A E C E R E D I G I O N





## Affordable Housing and Shared Equity Discussion Paper



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## Glossary

Not all terms used in this paper are referenced here, just ones where confusion occurs in the literature:

Shared ownership refers to an affordable housing product where purchasers buy a share of a property (usually) 25% to 75% and pay a nominal rent on the remaining share over time it is expected they will 'stair case' up to full ownership, they can also stair case down by selling back shares to an RSL/ LA.

Staircasing, stair case et al is a mechanism by which owner occupiers of shared ownership / shared equity houses can purchase additional shares of the home they partly own.

Shared equity is a confusing term commonly used to represent different types of low cost home ownership (LCHO) however in the context of this discussion it is being used to represent a situation whereby a purchaser buys 70% of a property (this can vary) and the LA/ RSL keeps a second charge on the property for the remaining value (30%). – When a resale occurs this can again be to an AH qualifying purchaser and the LA/RSL just takes the equity rise value of their share (recycles it to RCG) and the same second charge continues or the owner may be permitted to sell on the open market and the LA / RSL recoups their 30% charge for recycling into AH.

Low Cost Home Ownership (LCHO) refers to all types of affordable housing but is now commonly used to describe traditional affordable housing schemes where properties are discounted using a S106 to a certain percentage i.e. 30% such as the scheme operating by the LA in Ceredigion.

**List of Affordable Housing schemes currently operating (not exhaustive)**

<b>Scheme name</b>	<b>Scheme description</b>	<b>Pay back mechanism</b>	<b>Pit fall's</b>	<b>Who operates scheme</b>
<b>Home Buy (National)</b>	Equity loan of 30% or 50% to people who would otherwise qualify for social housing to buy their own home	No interest charged on loan to householders when house sold 30% or 50% of current value is paid back to RSL	No stair casing mechanism – can only be used on non-discounted properties	RSL's operate scheme through finance secured through LA which sources finance from WG – funding for this is being phased out
<b>Homes within reach (South Wales only)</b>	Equity loan of between 50% and 10% of OMV held as charge on the property	Can purchase 10% blocks of equity, or can purchase whole amount of equity (after 3 years) – can also sell back equity if circumstances change and / or whole property and remain as tenant	Managed by well-respected RSL, but only available in small area – seems as though large demand for scheme but actual no's of available dwellings are limited – many people on waiting list	RSL's working with LA and local house builders scheme managed by a group of South Wales RSLs
<b>Help to Buy - Shared Equity (national – different caps apply)</b>	Shared Equity loan of 20% of purchase price	Interest free for first 5 years then annual interest charged at 1.75% and linked to retail Prices Index – loan must be paid back in 25years or when house sold – amount repaid will vary based on house price rises as the initial loan is fixed as a percentage of the equity – so if house prices rise then so does the amount repaid when house sold alongside interest and management fees	Fees can be high, if house prices drop the amount owed under the scheme doesn't fall below what was invested so some people may find themselves in negative equity.	Welsh Government managed through lenders

<p><b>Help to Buy – Mortgage Guarantee (national different caps apply)</b></p>	<p>Mortgage guarantee is provided to lender by Government – allowing purchasers to access 95% mortgages – if they default the government guarantees a certain amount so this allows lenders to take bigger risks</p>	<p>None</p>	<p>Lenders are very choosy about who to offer mortgages to as despite the guarantee its costly and difficult for them to recover the property so restrictions on who qualifies are tight.</p>	<p>National Government through individual lenders</p>
<p><b>Newbuy (only available in England)</b></p>	<p>Government backed mortgage indemnity scheme for new houses – allows purchasers to buy new house with 5% deposit. The scheme is managed though developers and lenders working together with an indemnity pot so if buyers default it is guaranteed by government. 3.5% of sale of each house from developers put into indemnity pot.</p>	<p>None</p>	<p>Tied to certain builders / lenders most not operating in this area. A similar scheme to Help to Buy Mortgage Guarantee so likely to be phased out – interest rates can be high on these schemes as they are linked to certain banks therefore little competition</p>	<p>HBF and CML</p>
<p><b>Persimmon Helping Hand et al (only available on volume builder schemes)</b></p>	<p>Purchasers borrow 85% (can vary) of house price and pay back persimmon or other developer remainder when house sold</p>	<p>3% (can vary) interest charged annually on the equity share and share can be paid back at any time but must be paid back at sale of property.</p>	<p>Only available through volume house builders none of which operate in Ceredigion. Fees can be high, interest rates high as have to go through ‘preferred’ bank of the builder.</p>	<p>Individual volume builder i.e. Persimmon homes / Barrett’s/ Taylor Wimpey etc</p>

<p><b>Shared Ownership</b></p>	<p>Purchasers buy between 25% and 75% share of a house, RSL owns other share and charges rent (set at 3%) on remaining share – can over time buy more of a share or sell some shares back to RSL</p>	<p>None – but purchasers can staircase up to own a greater share of the property over time – schemes vary by RSL / Developer</p>	<p>The value of the share is fixed at time of sale so in a decreasing house price market many part owners can be negative equity and unable to sell their share</p>	<p>Managed through RSL’s some private developers also offer private shared ownership schemes – national scheme exists but is reliant on a partner delivering the system and there has been some reluctance among RSLs private developers</p>
<p><b>Social HomeBuy (not available in Wales)</b></p>	<p>Allows people to buy a 25% share of the social house they live in</p>	<p>Applicants must live in a social house that is managed by Council or RSL signed up to the scheme and have occupied house for a minimum of 5 years they will have to buy a 25% share and pay rent on rest of house (subsidised) then over time stair case up</p>	<p>The shares are valued at time of purchase so they will vary over time and may be significantly higher for the 2<sup>nd</sup> and 3<sup>rd</sup> share than the first.</p>	<p>RSL</p>
<p><b>Rent First (Wales only – was abandoned for a new product)</b></p>	<p>RSL’s/ housing authorities (through SHG) develop IR properties which are let to suitable candidates where they can also enter into a purchase option agreement – if and when tenant decides to buy house 50% of the increase in value</p>	<p>None (sales value recycles to RCG)</p>	<p>Assumes an increasing house price market, new scheme – not sure how many lenders are ‘on board’?</p>	<p>(anticipated) RSL with SHG funding form WG</p>

	from date of purchase option agreement becomes their 'deposit' to be used to obtain mortgage with whichever lender they can			
<b>Rent to Own (Wales only – WG have announced no longer accepting applicants)</b>	Tenant buy portion or property rent remainder	Purchasers can buy a share of the home dependant on what they can borrow and then pay rent on the remainder over time the rent will build up and a share of it will be returned to the tenant for them to purchase another block of the property.	Scheme has not been successful and WG have abandoned it, I believe viability has been poor and many occupants simply do not stair case up.	RSIs and some private developers (no longer operating as not financially viable)
<b>Low Cost Home Ownership (LCHO) (national but organised on an ad-hoc basis, schemes vary across LA)</b>	DFS properties secured through S106	None	Difficult to mortgage particularly when conditions re occupancy attached – no stair casing options	LA
<b>Homestep - RCT</b>	The LA alongside local RSL manage the scheme including administering who can buy the properties they have 2 types DFS (70%) and Shared equity (75%) – after 12 month owners can buy out remaining share of shared equity property	None sales value of shared equity product recycles to RCG	Will suffer from problems of lenders not understanding scheme – in a tight market may find it difficult to get mortgage – the LA managing the sales does mean they have a waiting list of buyers ready for property's	LA with partner RSL
<b>'other' Local Authority</b>	Shared equity schemes run	None sales value of shared equity	Will suffer from problems of	LA with partner RSL

<p><b>schemes – planning gain</b></p>	<p>through LA and RSL’s whereby planning gain properties are sold at (approx.) 70% of OMV (this can vary) to eligible occupants and the LA / RSL keeps a 30% charge on the property increase of value of 30% to be paid at sale</p>	<p>product recycles to RCG</p>	<p>lenders not understanding scheme – in a tight market may find it difficult to get mortgage – some do some don’t allow stair casing – then issues over perpetuity come into play – often the LA / RSL has first chance to sell on the shared equity product to someone on their waiting list if no sale found owner can sell at full value on open market and simply repay LA / RSL the 30% value</p>	
<p><b>Mortgage rescue</b></p>	<p>Eligible owners (those in severe financial hardship) are able to apply under the scheme to have their property purchased and become tenants of or become shared equity owners with an RSL</p>	<p>None – the RSL (or LA) buys out the owner and rents the property or share of a property back to them</p>	<p>Funding is scarce for this and demand high</p>	<p>The responsibility is devolved to LA’s but usually managed by RSL’s</p>

## Reflections on schemes and literature:

1. There is a push from central government, Council for Mortgage Lenders (CML) and lenders to streamline the affordable housing products on offer. Welsh Government have pursued this and attempted to categorise schemes into 4 main types.
2. The flag ship schemes are Help to Buy Wales, Shared Ownership, Rent to Own and HomeBuy. Lenders have worked with government to agree acceptable terms and are familiar and satisfied with the product so lending is reasonably straight forward on these products.
3. There is no Welsh national scheme for shared equity run by LA's what schemes there are, are operated on a regional basis most through or with RSL's– therefore mortgage lending can be just as constrained on these properties as they are on our current products – although with the caveat that lenders 'understand' where the 30% is with shared equity products.
4. Homes and Communities Agency (HCA) and Chartered Institute of Housing (CIH) have issued joint guidance setting out why lenders won't lend on DFS and why it's best to go for a shared equity product.
5. All the most successful schemes seem to work in partnership with the RSL where SHG may or may not have played a part. I have found no schemes except (big volume builders) where LA's are allowing developers to 'do the shared equity'. The shared equity products to be successful and mortgage able need to be done to match existing products and that means adopting the same criteria and cascades etc. The benefit of the schemes will be lost if we try to 'mix and match' – we will still suffer the same mortgage issues.
6. HCA and CIH recommend amending all previous S106's in one go to the 'new easier' S106 to improve mortgage ability on DFS properties – lenders do not like lending in markets where multiple S106's exist – also this is confusing for applicants as they may or may not qualify under different properties. A problem we have in Ceredigion with 2 versions of the S106.
7. The most popular and easily mortgaged schemes are ones where applicants can stair case up to full ownership over set periods – the receipts of which can then be recycled to RCG
8. There is no reason why RSL's couldn't do shared equity now (with Some SHG support) many others are – it is only the planning gain units that the LDP policy may constrain
9. HCA /CIH recommend cascade of 3 months as CML previously recommended 6 months (which was their maximum) but as market has tightened 3 months is now what lenders will lend on. LDP S106 is currently 6 months.

## Ceredigion LDP Affordable Housing policy:

### **Policy S05: Affordable Housing**

The LDP policies and allocations aim to secure in the region of 1100 affordable homes by:

1. Seeking to negotiate a proportion of 20% affordable housing on all housing development in accordance with the Local Housing Needs Assessment distribution of need for;
  - i. 9% Discount For Sale @ 70% Market Value: and
  - ii. 32% @ 50% Market Value (both for direct Sale to occupants and to be made available to landlords for letting at Intermediate Rent): and
  - iii. 59% Social Rented @ 35% Market Value; **or**
  - iv. **A scheme of equivalent value to Criterion 1(i)-1(iii) to meet a mix of current needs in the locality (as determined at pre-application stage to the satisfaction of the Local Planning Authority in consultation with the Local Housing Authority and Registered Social Landlords on local need and deliverability)**
  
2. Requiring that where, as a result of Criterion 1, proposals yield an affordable housing requirement which is not a whole unit or where the mix cannot be provided as whole units then:
  - i. a scheme of equivalent value shall be determined to the satisfaction of the Local Planning Authority in consultation with the Local Housing Authority and Registered Social Landlords on local need and deliverability; or
  - ii. at the discretion of the Local Planning Authority, a commuted sum at the 'equivalent value' of 10% of Open Market Value (OMV) of the development as valued at the time of application.
  
3. Permitting 100% affordable housing sites where justified by evidence of unmet affordable local need provided the location of the development is in line with Policies S02, S03 and S04. Rural housing exception sites will only be permitted in relation to RSCs, 'Linked Settlements' and 'Other Locations'.

The occupancy of all affordable housing will be controlled in perpetuity in accordance with Appendix 4 of the Plan.

Developments which include affordable housing or propose 100% affordable housing must provide adequate information to indicate the plot location, plot size, build standard and property type of the affordable units. If there is insufficient information to determine the value of the unit at completion, the application will be refused.

Developers seeking to negotiate a reduction in affordable housing provision will need to submit details to show lack of viability for the specific site.

The highlighted text (yellow) in policy S05 (above) outlines that it is acceptable to provide an Affordable Housing scheme that does not accord with the mix proposed in criterion 1 i-iii provided it is of equivalent value i.e. 10% of GDV. This criterion does not specify what type of affordable homes is to be provided simply that they are to meet current needs. I believe that this allows the authority some 'leeway' to permit shared equity or another product type if it was minded to do so, without revision of policy S05. However we have not clarified in the Reasoned Justification text (RJ), in Appendix 4 or in the AH SPG what our shared equity product is and therefore we would need to issue some supplementary planning guidance to this effect. We would also need some evidence of the 'need' for shared equity in order to justify it as a scheme in a given locality in accordance with S05 criterion 1.iv. The 2019 LHMA provides such evidence alongside the shared equity housing list managed by Housing Services.

If the authority were minded to create a shared equity product then stair casing would naturally be a consideration – which is understandably popular with potential applicants. However policy S05 text highlighted (green) sets out that the occupancy of all affordable homes will be controlled in perpetuity. This is in order to meet the definitions of Affordable Housing as set out in National Guidance under TAN 2. This would need careful consideration; a possible way forward would be to consider amendment so that the receipts of 'stair casing' could be recycled into AH in perpetuity. It is important to consider how to allow stair casing as this would make the shared equity product more attractive and mortgage able.

## Ceredigion Affordable Housing Types

AH type	Scheme managed by	No in county	Comment	Simple solution	Complex solution
<b>DFS 70% UDP</b>	LA	199	Limited number of mortgage lenders available locally to lend on the product so some applicants can struggle	Amend S106 to LDP cascade and criteria	Develop stair casing mechanism – which could lift S106 (at 100%)
<b>DFS 70% LDP</b>	LA	79	Limited number of mortgage lenders available locally to lend on the product so some applicants can struggle however -in estate developments very popular product with some properties on several re-sales	Consider reducing cascade terms of S106	Develop stair casing mechanism – which could lift S106 (at 100%)
<b>DFS 50% LDP</b>	LA	0	Difficult to mortgage – not popular with developers – not expected to be continued in LDP2	Consider reducing terms of S106	Develop stair casing mechanism – which could lift S106 (at 100%)
<b>IR</b>	LA	Under 5	Not financially viable in certain parts of county – not popular with developers, difficult to manage, not being utilised correctly – potential for exploitation of system	Flip to DFS 50%	Develop Rent first model with RSL to allow stair casing and still provide discounted rentals
<b>SR</b>	RSL's	3618	Many people under occupy, only have approx. 9% stock in county, large no of people on waiting list	(?)	Investigate options re RSL stock i.e. Restrict right to buy, put local occupancy criteria on all resale of ex-RSL stock
<b>Shared ownership</b>	RSL's	110	Leftovers from previous schemes	N/A	N/A
<b>HomeBuy</b>	RSL's	Up to 60	Well understood by lenders, scheme being phased out by WG – replaced by Help to Buy	N/A	LA considering options in new AH strategy about reintroducing a local scheme of this nature.

## Conclusions

Policy S05 does not stop shared equity being a suitable AH type if we have an identified need for it. However a shared equity product is not a panacea for our AH scheme problems. – It is easier to mortgage a shared equity product provided that these are the product recognised and understood by the market. In order to ‘qualify’ as this it is usually tied in with a recognised respected RSL, have simple cascades and occupancy criteria and has a mechanism for stair casing. All of these requirements make shared equity a ‘possibly’ less desirable product than our existing DFS. - Given the rationale and support for our DFS scheme which has more than one ambition.

However CIH and HCA have set out clearly what lenders will and won’t accept for mortgage purposes and unfortunately our DFS scheme appears to suffer from some of the common pitfalls – which in downward markets can render it virtually un-mortgage able however given local demand at the current time this appears to be a limited problem.

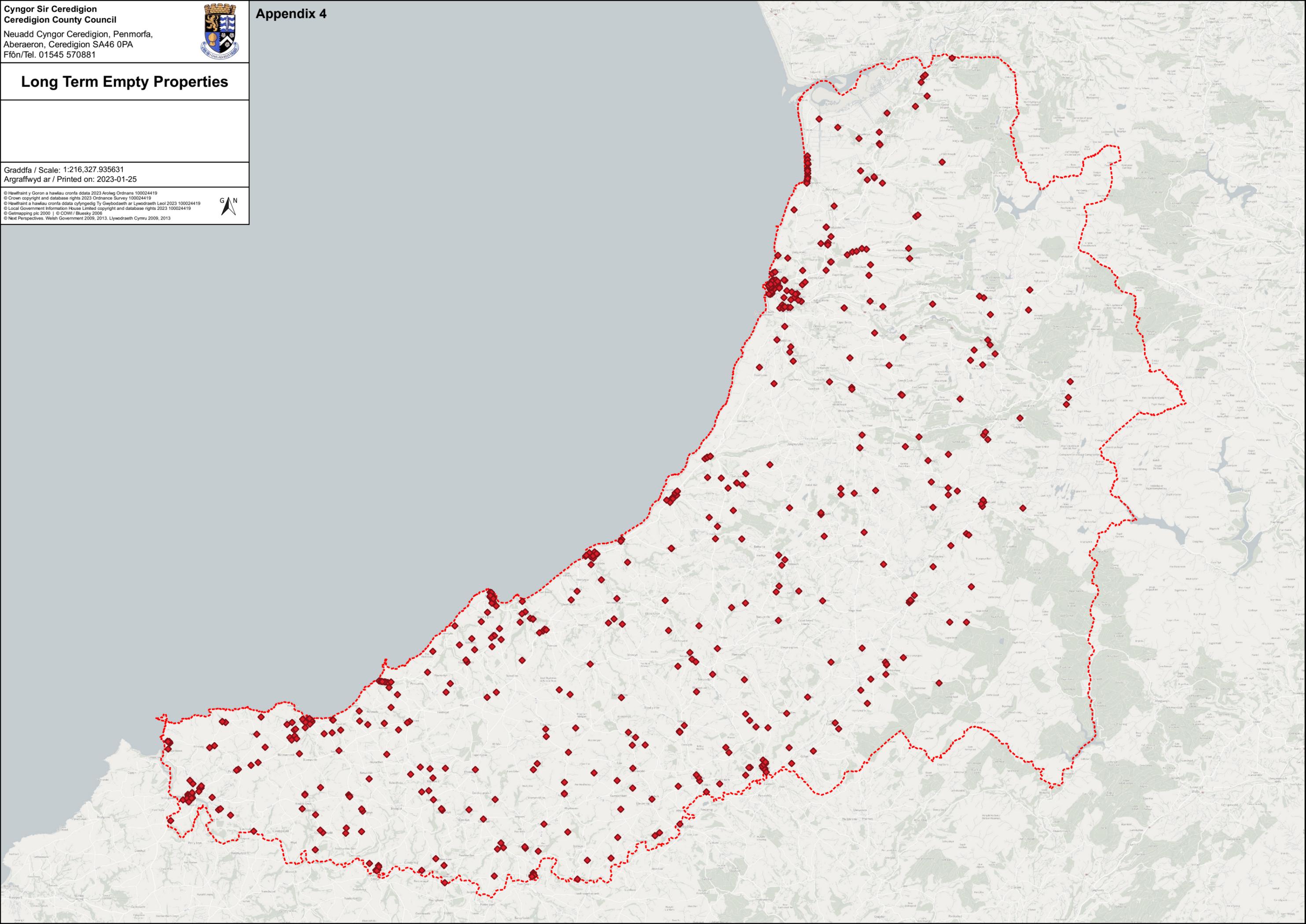
If we as an LPA/ LHA were to develop a shared equity product we would need to be mindful of the pitfalls that are possible. We would also need to consider whether it may be more prudent to use planning gain as a form of SHG to assist existing RSL’s to administer a shared equity scheme which is seemingly the government’s favoured approach. However any income from the 30% charge on the shared equity homes would then be in control of the RSL’s and this may have been a significant benefit of the scheme.



# Long Term Empty Properties

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## Appendix 5

### Risk Assessment: Community Housing Proposal

#### Risk Assessment Summary

Overall the risk to the Council arising from this scheme is deemed to be low and where there are areas of risk there are a number of mitigation options that will reduce the risk to an acceptably low level. The main area of risk stems from the unknown direction of the property market in the short-term particularly in view of the currently high house prices being seen in the county. The risk will crystallise if the Council provides equity to support a purchase and the buyer then decides or needs to sell the property within a short period of time where the market could be going through a 'correction' or a period of lower prices. This will lead to the Council receiving less equity back than it paid out originally.

Over the longer term we would expect the market to increase as has historically proven the case. A similar scheme operated by the Council in the 1990's had purchased properties, in the main, held for a longer period and the Council received equity returns of 3/4 times due to the increase in the market over that period.

No	Risk Description	Potential Mitigation
1	<p>Currently high market prices in Ceredigion (potentially a bubble), and continuing to rise.</p> <ul style="list-style-type: none"> <li>- Increasing prices potentially reduces number of individuals Council able to help.</li> <li>- £250k houses become less available</li> <li>- If the market suffers correction after Council provided funding. Potential losses may be suffered by Council particularly if owners sell in short term.</li> </ul>	<ul style="list-style-type: none"> <li>- Clause that specifies the minimum repayment to Council being the amount of the loan.</li> <li>- Need to quantify exposure. Council becomes more exposed to risk if scheme expands beyond initial trial proposal.</li> <li>- Potentially put in place a contingency/ bad debt provision particularly in short term as short term direction of market plays out.</li> <li>- Potential to include clause in contract where we have first refusal to take on property</li> <li>- Explore whether property can be transferred to social housing.</li> </ul>
2	<p>Council resources to setup/manage scheme.</p> <ul style="list-style-type: none"> <li>- Finance/ Legal / Housing</li> <li>- Long tail as charges crystallise upon sale of property. Could be 30 + years in some instances</li> </ul>	<ul style="list-style-type: none"> <li>- An assessment of required expertise/ resource to setup and manage scheme required. Appropriate resource then provided.</li> <li>- Consideration of an admin/ application fee.</li> </ul>
3	<p>Potential to clash with existing schemes.</p> <ul style="list-style-type: none"> <li>- Help to Buy Wales (20% shared equity on new builds)</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure scheme compliments rather than doubles up of provision through careful consideration of offering being proposed and who/ how benefits are realised.</li> </ul>
4	<p>Implications/ process when individual defaults on mortgage payments?!</p> <ul style="list-style-type: none"> <li>- Loss of employment</li> <li>- Buyers under budget expenses / continued rise in Cost of Living.</li> <li>- Change in personal circumstances</li> </ul>	<ul style="list-style-type: none"> <li>- Potentially put in place a contingency/ bad debt provision particularly in short term as short term direction of market plays out.</li> <li>- Potential to include clause in contract where we have first refusal to take on property</li> <li>- Explore whether property can be transferred to social housing.</li> <li>- Ensure sufficient expertise/ resource available within Council to manage process.</li> <li>- Consideration need to be given to and a process laid out at commencement of scheme how this will be managed.</li> </ul>
5	<p>Demand for scheme</p> <ul style="list-style-type: none"> <li>- If too high - how manage/ prioritise applicants</li> <li>- Prevent too low - What is comms strategy in what is already a confusing market place</li> <li>- In turn support available for applicants (Council Resources same as point 2)</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure sufficient expertise/ resource available within Council to manage process.</li> <li>- Communications Team can assist</li> <li>- Consideration of an admin/ application fee.</li> </ul>
6	<p>Buy in/ participation from Mortgage Providers?!</p> <ul style="list-style-type: none"> <li>- Are they 'in' by default or do we need to lay some groundwork?</li> </ul>	<ul style="list-style-type: none"> <li>- Potentially have some discussions with mortgage providers/ Council of Mortgage Lenders as the scheme is developed</li> </ul>

7	Inflating an already 'hot market'. - Is there a danger by providing up to 40% equity we further contribute to the inflation of the market in the County - How do we stop buyers overpaying for a property if they're potentially having a 'free' 40% contribution from the Council.	- Agree and lay out transparent assessment criteria around mortgage gap and affordability. + assessment of what we're willing to support in terms of limits. - View of independent valuation report for properties before agreement.
8	<u>Source of funding</u> Trial is suggesting using the Second Homes/ Empty Homes Premium.  Potential for Prudential borrowing (if trial using second homes premium is successful) - affect on Prudential Indicator limits - rising interest rates	- The proposal is consistent with the terms in place for raising funds through the Second Home/ Empty Home Premium.  - In terms of Prudential borrowing if that is avenue being proposed a more detailed analysis and a full Business Case will be required at the time. - Potential to increase the Second Home/ Empty Home Premium to lever more funding rather than increases risk inherent in Prudential Borrowing.
9	Buyers taking on unaffordable mortgages.	- risks managed by Mortgage Providers own due diligence processes.
10	Is there potential for buyers to become 'stuck' with their property? Eg. they buy a house and five years later want to sell and move. However, our charge would crystallise potentially leaving them unable to afford to move because they'd 'lose' the equity we provided. - This may encourage the applicant to not stick to the terms of the scheme.	
11	Can the buyer afford the on-going maintenance costs on property which could jeopardise the value of the Council's equity contribution	- Consider periodic checking of compliance with loan clauses around maintaining property and also buildings insurance cover
12	Risk that money is not replenished back to the Council to re-cycle into scheme due to no time limit on crystallisation.	- Potential to add 25/30 year limit where equity will be repayable if property not sold/ transferred in the mean-time. - Or introduce interest after certain time period. - If either implemented into scheme The Council needs to ensure there is a mechanism in place to makes sure this kicks in potentially far in future.
13	Loss of interest on capital earning for the council.	- Potentially introduce interest rate after specified period. Although must be noted the Council is likely to benefit from rises in property market over the longer term. Experience of similar schemes in 90s council received 3 to 4 times increase in value of equity.
14	How do we ensure that the property is the buyers are using the property as their sole residence and not using scheme to buy a second property to rent out. Or more likely more out in the future and rent property out.	- Periodically check council tax payer records.
15	Fraud	Consideration needs to be given to due diligence required for applicants.

<b>Prepared and Reviewed by;</b>	
Stephen Johnson -	23/02/2022
Justin Davies -	23/02/2022
Duncan Hall -	23/02/2022
Mark Bridges -	23/02/2022

# Community Housing Scheme

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## Powers to award loans

The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 allows Local Authorities to formulate funding policies to address specific local needs and strategic priorities. A policy must be in place/ adopted before any assistance can be issued.

Assistance may be provided in any form and may be unconditional or subject to conditions, including conditions as to the repayment of the assistance or of its value (in whole or in part), or the making of a contribution towards the assisted work. (As set out in local policy).

## Financial Conduct Authority

The FCA regulates the provision of mortgages and conduct of parties engaged in regulated mortgage activity. Local Authorities are excluded from needing FCA permission for most consumer credit activities, but may still need permission for some types of lending.

Securing a 'land mortgage' over the property, either by legal charge registered with the District Land Registry or a local land charge (ie. a regulated mortgage) puts the regulation of the service under the Financial Services and Market Act 2000.

However, under the Financial Services and Market Act 2000 (exemption) (Amendment) (No.2) Order 2003 Local Housing Authorities offering mortgages have been exempt from the FCA regulatory regime, on the basis that a comparable quality service is provided to the client.

To ensure that Local Housing Authorities are able to meet the requirement of providing a comparative service, the LA should seek to follow the National Assembly of Wales issued Circular 20/02 (Renewal Guidance) and the Mortgage Sales Guidance for Local Authorities and Housing Associations 2005.

### Distance selling

Where an LA provides a loan/ mortgage without any face-to-face contact with the customer at any stage this is classed as 'distance selling' and further information and regulations apply. *As set out in Distance Marketing Directive and incorporated within UK legislation via the Financial Services (Distance Marketing) Regulations 2004.*

**In order to ensure this is not applicable, the LA must have a face-to-face meeting with the customer to discuss the loan/ mortgage.**

## Mortgage Administration Standards

1. Lending business must be conducted in an honest and responsible way, with due care and skill.
  - a. LA's should have in place a policy identifying eligibility criteria and produce a document clearly showing this for customers.
  - b. Interview methods must not leave customers feeling pressurised into taking out a mortgage to fund home improvement works.
  - c. Lending procedures must not result in any unfair treatment of customers.
  - d. Lending procedures must not give rise to any conflict of duty with customers.
  - e. Before giving any assistance the LA must be satisfied that the person has received appropriate advice or information about the extent and nature of any obligation (financial or otherwise) that they will be taking on.
  
2. Lending procedures must recognise the interests of the customer and treat them fairly.
  - a. Clear information on the terms of the loan should be given in advance.
  - b. Customers should be given time to consider whether this product is right for them, before signing documents.
  - c. LA must be satisfied that customers are fully aware of any financial commitment they are entering into
  
3. All contact and communication with customers must be clear, fair and not misleading.
  - a. Contact includes oral and written, telephone calls, face to face and correspondence (letters, emails).
  - b. Customer should receive written information about the product being offered. (Guidance document) This should include; who is providing the loan/ mortgage; fees; refund policy; complaint procedure. (Prescribed information).
  - c. Guidance document should be given at an early stage/ first contact.
  - d. Includes the availability of the loan or other products available through the lender which may be suitable.
  - e. On offer of loan/ mortgage, the customer should be given Mortgage Offer Document. This should include; customer name; date it was produced and how long the offer is valid for; how to accept; what assistance has been given; fees applicable; amount of mortgage; repayments; value of property for security; interest rate; disposal terms/ risks; length of mortgage; total cost of mortgage; contact details. (Prescribed information)

4. Reasonable care must be taken to ensure that any mortgage offered to the customer is suitable for them, based on their needs and circumstances.
  - a. The LA must take reasonable steps to obtain from a customer all information necessary to assess whether the loan is suitable. Eg. Ownership, financial etc.
    - i. Customer can afford to take out the loan/ mortgage, consider income/ expenditure and likely changes in the future
    - ii. Loan/ mortgage meets customers needs and circumstances
    - iii. Customer meets eligibility requirements
    - iv. For Lifetime Loan, customers future needs and plans eg. Moving, or his wishes for the estate.

*Please refer to the National Assembly of Wales issued Circular 20/02 (Renewal Guidance) and the Mortgage Sales Guidance for Local Authorities and Housing Associations 2005 for more information.*

	Community Housing Scheme	Emergency Repair Assistance	Lifetime Loan	Home Improvement Loan	Houses into Homes Loan
Enquiry received. Initial letter or email sent including conditions/ info. (Guidance document)	X	X		X	X
Visit to property to determine works and chat through loan face to face. Discussion should take place with applicant to confirm when the finance is repayable. Explain the process of application and securing the charge.	X	X	X	X	X
HHSRS carried out at the dwelling to identify Cat 1 hazards		X	X		
Schedule of works to remedy Cat 1 hazards at dwelling. Source quotations using Councils Minor Works Framework.		X	X		
Complete application form with applicant	X	X	X		
Verify application <sup>1</sup> (second officer)	X	X	X	X	X
Ownership status should be confirmed with Land Registry Title and consideration given to any other charges (mortgages) secured on the dwelling.	X	X	X	X	X

<sup>1</sup> Check ownership, costs, affordability check, ID forms, viability/ due diligence, security options

		Emergency Repair Assistance	Lifetime Loan	Home Improvement Loan	Houses into Homes Loan
Approval of Loan to take place. Approval document to contain conditions, and reference to the approval being subject to charges being secured.	X	X	X		
Legal Charge document to be drawn up.	X		X	X	X
Loan agreement document to be drawn up.	X			X	X
Documents <sup>2</sup> to be sent to applicant, with cover letter of further explanation. Applicant to be encouraged to source independent advice. Signing of Documents will need to be witnessed by third party.	X		X	X	X
Returned documents <sup>3</sup> to be sent up to Legal for signing/ sealing on behalf of Council and registration of charge. Once this is in place, return one copy to applicant for safe keeping.	X		X	X	X
Instruct contractor and check works on completion before payment.		X	X	X <sup>4</sup>	
Register costs with Local Land Charges	X	X	X <sup>5</sup>		
Payment to be sent to Finance. Copies of documents to be saved in shared folder. Finance will monitor repayments etc.	X		X	X	X

## Subsidy Control

Subsidy Control should only need to be considered for Landlord loans. The current de minimis thresholds is £315,000 over a three year period. The subsidy component is not the loan itself (which must be repaid) but the advantage conferred on the borrower through not having to pay interest on the loan. Consequently, the amount of subsidy for each transaction would be counted as the present value of the interest that would be charged by a commercial lender. Provided that figure, plus the amount of any other state subsidy received by the borrower in the three years before the subsidy is given, does not exceed £315,000 from all sources of public sector subsidies, then the de minimis rules can apply. The benefit of such a loan under these schemes is significantly below the current threshold.

<sup>2</sup> Mortgage Offer Document, Loan Agreement, Legal Charge, Direct Debit

<sup>3</sup> Legal Charge, Loan Agreement, Land Registry Title, ID1 form, Mortgage company agreement/ Deed of priority

<sup>4</sup> Only instruct contractor for Home Improvement Loan if Supervisory Service is used.

<sup>5</sup> Where costs are under £5000

# Cyngor Sir Ceredigion County Council - Integrated Impact Assessment (IIA)

An integrated tool to inform effective decision making



This **Integrated Impact Assessment tool** incorporates the principles of the Well-being of Future Generations (Wales) Act 2015 and the Sustainable Development Principles, the Equality Act 2010 and the Welsh Language Measure 2011 (Welsh Language Standards requirements) and Risk Management in order to inform effective decision making and ensuring compliance with respective legislation.

## 1. PROPOSAL DETAILS: (Policy/Change Objective/Budget saving)

Proposal Title	Community Housing Scheme
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Service Area	Planning Policy and Housing	Corporate Lead Officer	Russell Hughes-Pickering	Strategic Director	James Starbuck
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Name of Officer completing the IIA	Sarah Groves-Phillips	E-mail	Sarah.groves-phillips@ceredigion.gov.uk	Phone no	
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Please give a brief description of the purpose of the proposal

To support residents in Ceredigion to access intermediate housing options in the form of a shared equity scheme known as community housing.

Who will be directly affected by this proposal? (e.g. The general public, specific sections of the public such as youth groups, carers, road users, people using country parks, people on benefits, staff members or those who fall under the protected characteristics groups as defined by the Equality Act and for whom the authority must have due regard).

Members of the public who are unable to access open market housing i.e. those on lower incomes and those with minimal deposits.

**VERSION CONTROL:** The IIA should be used at the earliest stages of decision making, and then honed and refined throughout the decision making process. It is important to keep a record of this process so that we can demonstrate how we have considered and built in sustainable development, Welsh language and equality considerations wherever possible.

Author	Decision making stage	Version number	Date considered	Brief description of any amendments made following consideration
Sarah Groves-Phillips	<i>LG and Cabinet</i>	1	23/02/2023	<i>The sustainable development principle, wellbeing goals and Future Wales have been a focus for the decision making throughout.</i>

**COUNCIL STRATEGIC OBJECTIVES:** Which of the Council's Strategic Objectives does the proposal address and how?

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Boosting the Economy, supporting Business and enabling employment.	
Creating caring and healthy communities	By enabling residents to be able to afford to stay in their communities, we are ensuring families can stay connected, ensuring mixed and balanced communities by assisting a range of people to access housing often outside their price range and in the process supporting Welsh Language and Culture.
Providing the best start in life and enabling Learning at all ages	
Creating sustainable, greener and well-connected communities	By supporting all generations to access housing in their community we are promoting the sustainability of those communities in perpetuity. The Community Housing Scheme also places an emphasis on the re-use of empty properties. This focus ensures that existing resources countywide are repurposed and their sustainability ensured.

**NOTE:** As you complete this tool you will be asked for **evidence to support your views**. These need to include your baseline position, measures and studies that have informed your thinking and the judgement you are making. It should allow you to identify whether any changes resulting from the implementation of the recommendation will have a positive or negative effect. Data sources include for example:

- *Quantitative data - data that provides numerical information, e.g. population figures, number of users/non-users*
- *Qualitative data – data that furnishes evidence of people’s perception/views of the service/policy, e.g. analysis of complaints, outcomes of focus groups, surveys*
- *Local population data from the census figures (such as Ceredigion Welsh language Profile and Ceredigion Demographic Equality data)*
- *National Household survey data*
- *Service User data*
- *Feedback from consultation and engagement campaigns*
- *Recommendations from Scrutiny*
- *Comparisons with similar policies in other authorities*
- *Academic publications, research reports, consultants’ reports, and reports on any consultation with e.g. trade unions or the voluntary and community sectors, ‘Is Wales Fairer’ document.*
- *Welsh Language skills data for Council staff*

**2. SUSTAINABLE DEVELOPMENT PRINCIPLES:** How has your proposal embedded and prioritised the five sustainable development principles, as outlined in the Well-being of Future Generations (Wales) Act 2015, in its development?

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Sustainable Development Principle	Does the proposal demonstrate you have met this principle? If yes, describe how. If not, explain why.	What evidence do you have to support this view?	What action (s) can you take to mitigate any negative impacts or better contribute to the principle?
<p><b>Long Term</b> Balancing short term need with long term and planning for the future.</p>	<ul style="list-style-type: none"> <li><i>This proposal seeks to support residents to access intermediate housing – there has been a historic trend of house prices to income ratios being disproportionately high in Ceredigion and this proposal seeks to bridge that gap for some people</i></li> <li><i>In considering long-term planning the council have sought to offer a stair casing feature of the support in order to allow users of the scheme to step out of an intermediate housing option and own outright their home</i></li> <li><i>By supporting users to stair case out of the scheme an inherent sustainability is built into the scheme as funds are recycled to facilitate further support for the housing type.</i></li> </ul>	<p>Planning Policy and Research services evidence on housing trends. Housing evidence through the Local Housing Market Assessment and Housing Lists as to the types of housing needs required countywide.</p>	<p>In order to ensure the scheme can continue and meet the expected demand further sources of funding are required to bridge the gap between scheme start and when staircasing recycled funds are realised which it is not expected will be within the first 5 years of operation.</p>
<p><b>Collaboration</b> Working together with other partners to deliver.</p>	<ul style="list-style-type: none"> <li><i>The scheme has been designed to complement the activity of partner organisations such as Registered Social Landlords (RSLs) and the private sector already operating differing Housing Needs tenures. It is purposely been managed by the council in order to offer a model</i></li> </ul>	<p>The Housing team have a close working relationship with RSLs and work with them to deliver a number of schemes highlighted in the Affordable Housing prospectus and Housing Strategy. This scheme has been developed in full</p>	<p>In future iterations of the scheme RSLs will be consulted with to better understand what types of housing support the residents in Ceredigion need.</p>



	<p><i>that works in collaboration with other housing tenures. This is to ensure that those in most housing need can have their needs met by an appropriate organisation and those with differing housing requirements (such as insufficient deposit or being priced out of the local market) can find a route to home ownership, which is not the predominant concern of others operating in this field.</i></p> <ul style="list-style-type: none"> <li>• <i>However internally a number of service areas have collaborated to progress this model and in reviewing the outcomes of the work consideration of partnering activities with relevant agencies will be reviewed.</i></li> </ul>	<p>knowledge of the schemes that RSLs are currently delivering or intending to deliver and compliments rather than competes with the schemes in development. It supports a patchwork of supports that exist already but at present do not meet the demand that exists for intermediate tenures.</p>	
<p><b>Involvement</b> Involving those with an interest and seeking their views.</p>	<ul style="list-style-type: none"> <li>• Formal consultation on the scheme has not been undertaken but in establishing housing needs across the authority a range of evidence bases are used which incorporate formal consultation procedures. These include the Local Development Plan, The Housing Strategy, The Affordable Housing Prospectus and The Local Housing Market Assessment. Thus, it is from the results of these studies and</li> </ul>	<p>At a national level and a local level, we have sufficient evidence to demonstrate a need for intermediate tenures and the level of demand that exists. This process is about determining what schemes can be realistically be delivered and limiting risks of these schemes. Engagement has therefore identified the issue; research confirmed</p>	<p>To review the potential scope of the scheme and any further refinements that are required the scheme should be discussed at the Strategic Housing Partnership. And in any future scheme redesign consultation with users of the scheme should be undertaken to understand how to administer the scheme more efficiently and any lessons learnt.</p>

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	<p>engagement exercises that this scheme has been developed.</p> <ul style="list-style-type: none"> <li>• Following the previous resolution at full council to support a similar scheme a range of feedback was received and this feedback has been utilised in re-designing the scheme to take account of potential pitfalls and risks.</li> </ul>	<p>the need and this work stream provided a potential solution.</p>	
<p><b>Prevention</b> Putting resources into preventing problems occurring or getting worse.</p>	<p>There are longstanding structural inequalities in the regions economy that contribute to a lower than Wales average household income and a higher than average house price. This means the ratio of house price to income is disproportionately high in Ceredigion and compounds the national issue of house price affordability. There are a number of causes of such structural inequality, which the Corporate Strategy, Wellbeing Plan, Local Development Plan and Growing Mid Wales partnership aim to address. This scheme is offering a mechanism to support some people who are trying to operate within these markets some support to access housing that would otherwise be out of their reach. And whilst this does not address the heart of why there is a fundamental issue – often such market forces are outside the scope of what a Local Authority can change. Therefore, by preventing</p>	<p>Resources are being put into place to support the economy through the Growing Mid Wales partnership and other corporate plans and procedures. This scheme offers a solution to bridge the affordability gap for scheme users but can't in and of itself overcome the structural inequalities of the county's economic base.</p>	<p>By focusing the scheme somewhat on bringing back into substantive use empty properties the scheme is attempting to repurpose existing resources that are currently under appreciated in value and support the scheme users to stair case out of an intermediate tenure. This is set against the back drop of potential concerns around housing bubbles, negative equity and the cost-of-living crisis. It has been designed as such so that this scheme will not further contribute to an inflation of the bubble. However it remains to be seen if this works therefore dependant on how the scheme operates in future reviews of the scheme consideration will be made as to the success of such an objective given the limited reach of the scheme.</p>

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	<p>further households from being 'priced out of the market' we are attempting a small correction of the market for some households that can access the scheme.</p>		
<p><b>Integration</b> Positively impacting on people, economy, environment and culture and trying to benefit all three.</p>	<p>The scheme has a focus on re-use of empty properties thereby adding an environmental and economic benefit to the scheme therefore integrating these as well as supporting culture and people.</p>	<p>The collaborative working across service areas as evidenced through the background papers.</p>	<p>Review the success of the repurposing of empty properties element once the scheme is up and running and if appropriate strengthen this focus.</p>

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3. WELL-BEING GOALS: Does your proposal deliver any of the seven National Well-being Goals for Wales as outlined on the Well-being of Future Generations (Wales) Act 2015? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal. We need to ensure that the steps we take to meet one of the goals aren't detrimental to meeting another.			
Well-being Goal	Does the proposal contribute to this goal? Describe the positive or negative impacts-	What evidence do you have to support this view?	What action (s) can you take to mitigate any negative impacts or better contribute to the goal?
<b>3.1. A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs.	Effect is positive as the repurposing of empty properties will generate local employment in the foundational economy and ensure the best use of existing resources as well as generating potential capital gains for the scheme users who have made equity through redevelopment of empty properties.	The scheme is designed to support the bringing back into substantive use of empty properties a key priority of Welsh Government Policy who articulated these ideas in the recent ministerial statement outlining future funding support.	
<b>3.2. A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change).	Effect is neutral		
<b>3.3. A healthier Wales</b> People's physical and mental wellbeing is maximised and health impacts are understood.	Effect is positive – supporting people into adequate housing will help to alleviate users mental health concerns over inadequate housing.	The housing team are well versed in managing the stress caused by people in inadequate housing the users who are supported into an intermediate tenure product should relieve some housing related anxiety.	

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<p><b>3.4. A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected.</p>	<p>Effect is positive - Supporting of local people to access affordable housing in their community will have a positive effect on local communities as services are supported and local language and culture maintained.</p>	<p>National Planning policy advocates for resilient communities of mixed tenures and ages – with Ceredigion having a declining population and an aging population supporting a range of people to stay in communities they would otherwise be unable to afford accords with the ambitions of the Well-Being of Future Generations Act sustainability principle as well as that of Planning Policy Wales and Future Wales The National Plan 2040.</p>	
<p><b>3.5. A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental well-being.</p>	<p>Effect is Neutral</p>		

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<p><b>3.6. A more equal Wales</b>                  People can fulfil their potential no matter what their background or circumstances.</p> <p><i>In this section you need to consider the impact on equality groups, the evidence and any action you are taking for improvement.</i>  <i>You need to consider how might the proposal impact on equality protected groups in accordance with the Equality Act 2010?</i>  <i>These include the protected characteristics of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or beliefs, gender, sexual orientation.</i>  <b>Please also consider the following guide::</b>  <a href="#">Equality Human Rights - Assessing Impact &amp; Equality Duty</a></p>	<p>Describe why it will have a positive/negative or negligible impact.</p> <p><i>Using your evidence consider the impact for each of the protected groups. You will need to consider do these groups have equal access to the service, or do they need to receive the service in a different way from other people because of their protected characteristics. It is not acceptable to state simply that a proposal will universally benefit/disadvantage everyone. You should demonstrate that you have considered all the available evidence and address any gaps or disparities revealed.</i></p>	<p>What evidence do you have to support this view?</p> <p><i>Gathering Equality data and evidence is vital for an IIA. You should consider who uses or is likely to use the service. Failure to use <u>data</u> or <u>engage</u> where change is planned can leave decisions open to legal challenge. Please link to <b>involvement</b> box within this template. Please also consider the general guidance.</i></p>	<p>What action (s) can you take to mitigate any negative impacts or better contribute to positive impacts?</p> <p><i>These actions can include a range of positive actions which allows the organisation to treat individuals according to their needs, even when that might mean treating some more favourably than others, in order for them to have a good outcome. You may also have actions to identify any gaps in data or an action to engage with those who will/likely to be effected by the proposal. These actions need to link to Section 4 of this template.</i></p>																						
<p><b>Age</b>                  Do you think this proposal will have a positive or a negative impact on people because of their age? (Please tick ✓)</p> <table border="1" data-bbox="76 994 786 1422"> <thead> <tr> <th></th> <th>Positive</th> <th>Negative</th> <th>None/ Negligible</th> </tr> </thead> <tbody> <tr> <td>Children and Young People up to 18</td> <td style="text-align: center;">x</td> <td></td> <td></td> </tr> <tr> <td rowspan="2">People 18-50</td> <td>Positive</td> <td>Negative</td> <td>None/ Negligible</td> </tr> <tr> <td style="text-align: center;">x</td> <td></td> <td></td> </tr> <tr> <td rowspan="2">Older People 50+</td> <td>Positive</td> <td>Negative</td> <td>None/ Negligible</td> </tr> <tr> <td style="text-align: center;">x</td> <td></td> <td></td> </tr> </tbody> </table>		Positive	Negative	None/ Negligible	Children and Young People up to 18	x			People 18-50	Positive	Negative	None/ Negligible	x			Older People 50+	Positive	Negative	None/ Negligible	x			<p>All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment. The scheme does not prescribe an age threshold with the scheme being open to any eligible participant – ensuring households are adequately housed regardless of their age will have a positive effect on their lives.</p>	<p>Equality Act 2010                  The existing Affordable Housing schemes are accessed by people of all ages form families with young children, to young adults to older people.</p>	
	Positive	Negative	None/ Negligible																						
Children and Young People up to 18	x																								
People 18-50	Positive	Negative	None/ Negligible																						
	x																								
Older People 50+	Positive	Negative	None/ Negligible																						
	x																								

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<b>Disability</b> Do you think this proposal will have a positive or a negative impact on people because of their disability? (Please tick ✓)				All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment.  The scheme is open to any eligible participant – ensuring households are adequately housed regardless of their disability will have a positive effect on their lives. If for any reason people are unable to complete the eligibility forms, appropriate support will be provided.	Equality Act 2010	Better advertise the available support that is available for completion of the eligibility forms in a range of formats (large print, Braille etc).
Hearing Impairment	Positive	Negative	None/ Negligible			
	x					
Physical Impairment	Positive	Negative	None/ Negligible			
	x					
Visual Impairment	Positive	Negative	None/ Negligible			
	x					
Learning Disability	Positive	Negative	None/ Negligible			
	x					
Long Standing Illness	Positive	Negative	None/ Negligible			
	x					
Mental Health	Positive	Negative	None/ Negligible			
	x					
Other	Positive	Negative	None/ Negligible			
	x					

<b>Transgender</b> Do you think this proposal will have a positive or a negative impact on transgender people? (Please tick ✓)				All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment.	Equality Act 2010	
Transgender	Positive	Negative	None/ Negligible			
	x					

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				The scheme is open to any eligible participant – ensuring households are adequately housed regardless of their gender will have a positive effect on their lives.		
<b>Marriage or Civil Partnership</b> Do you think this proposal will have a positive or a negative impact on marriage or Civil partnership? (Please tick ✓)				All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment.  The scheme is open to any eligible households – ensuring households are adequately housed regardless of their marriage or civil partnership status will have a positive effect on their lives.	Equality Act 2010  The existing Affordable Housing schemes are accessed by people of many partnership types.	
Marriage	Positive	Negative	None/ Negligible			
	x					
Civil partnership	Positive	Negative	None/ Negligible			
	x					
<b>Pregnancy or Maternity</b> Do you think this proposal will have a positive or a negative impact on pregnancy or maternity? (Please tick ✓)				All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment.  The scheme is open to any eligible households – ensuring households are adequately housed regardless of their	Equality Act 2010	
Pregnancy	Positive	Negative	None/ Negligible			
	x					
Maternity	Positive	Negative	None/ Negligible			
	x					

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				pregnancy or maternity status will have a positive effect on their lives.		
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<b>Race</b> Do you think this proposal will have a positive or a negative impact on race? (Please tick ✓)				All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment. The scheme is open to any eligible participant – ensuring households are adequately housed regardless of their race will have a positive effect on their lives. If for any reason people are unable to complete the eligibility forms, appropriate support will be provided in the form of assistance or translation where required.	Equality Act 2010	Better advertise the support that is available for completion of the eligibility forms in a range of languages.
White	Positive	Negative	None/ Negligible			
	x					
Mixed/Multiple Ethnic Groups	Positive	Negative	None/ Negligible			
	x					
Asian / Asian British	Positive	Negative	None/ Negligible			
	x					
Black / African / Caribbean / Black British	Positive	Negative	None/ Negligible			
	x					
Other Ethnic Groups	Positive	Negative	None/ Negligible			
	x					

<b>Religion or non-beliefs</b> Do you think this proposal will have a positive or a negative impact on people with different religions, beliefs or non-beliefs? (Please tick ✓)				All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment. The scheme is open to any eligible households – ensuring	Equality Act 2010	
Christian	Positive	Negative	None/ Negligible			
	x					
Buddhist	Positive	Negative	None/ Negligible			

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	x			households are adequately housed regardless of their religion or non-beliefs will have a positive effect on their lives.		
Hindu	Positive	Negative	None/ Negligible			
	x					
Humanist	Positive	Negative	None/ Negligible			
	x					
Jewish	Positive	Negative	None/ Negligible			
	x					
Muslim	Positive	Negative	None/ Negligible			
	x					
Sikh	Positive	Negative	None/ Negligible			
	x					
Non-belief	Positive	Negative	None/ Negligible			
	x					
Other	Positive	Negative	None/ Negligible			
	x					
<b>Sex</b> Do you think this proposal will have a positive or a negative impact on men and/or women? (Please tick ✓)				All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment. The scheme is open to any eligible people – ensuring people are adequately housed regardless of their sex will	The existing Affordable Housing schemes are accessed by people with different sexes.	
Men	Positive	Negative	None/ Negligible			
	x					
Women	Positive	Negative	None/ Negligible			
	x					



				have a positive effect on their lives.		
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<b>Sexual Orientation</b>				All service users will be treated with respect irrelevant of their race, colour, religion, ethnicity, sex, age, disability, nationality, marital status, pregnancy and maternity, sexual orientation or gender reassignment. The scheme is open to any eligible people – ensuring people are adequately housed regardless of their sexual orientation will have a positive effect on their lives.	Equality Act 2010	
Do you think this proposal will have a positive or a negative impact on people with different sexual orientation? (Please tick ✓)						
Bisexual	Positive	Negative	None/ Negligible			
	x					
Gay Men	Positive	Negative	None/ Negligible			
	x					
Gay Women / Lesbian	Positive	Negative	None/ Negligible			
	x					
Heterosexual / Straight	Positive	Negative	None/ Negligible			
	x					

**Having due regards in relation to the three aims of the Equality Duty - determine whether the proposal will assist or inhibit your ability to eliminate discrimination; advance equality and foster good relations.**

**3.6.2. How could/does the proposal help advance/promote equality of opportunity?**  
*You should consider whether the proposal will help you to:* ● Remove or minimise disadvantage ● To meet the needs of people with certain characteristics ● Encourage increased participation of people with particular characteristics

All of the Corporate Well-being Objectives seek to establish a more Equal Ceredigion and Wales by ensuring equal opportunities for employment, housing, education, healthier lifestyles and sustainable communities, regardless of protected characteristic. The Council's Strategic Equality Plan sets out how it will ensure that residents and stakeholders in Ceredigion have a voice to influence the development of policies and strategies that will affect their lives. This scheme embraces the requirements of all corporate strategies.

**3.6.3. How could/does the proposal/decision help to eliminate unlawful discrimination, harassment, or victimisation?**



*You should consider whether there is evidence to indicate that:* ● *The proposal may result in less favourable treatment for people with certain characteristics* ● *The proposal may give rise to indirect discrimination* ● *The proposal is more likely to assist or impeded you in making reasonable adjustments*

The proposal does not specifically eliminate unlawful discrimination, harassment or victimisation. But by abiding by the equalities act will not contribute to the above either.

### **3.6.4. How could/does the proposal impact on advancing/promoting good relations and wider community cohesion?**

*You should consider whether the proposal will help you to:* ● *Tackle prejudice* ● *Promote understanding*

The proposal seeks to support people to access intermediate tenure housing in their communities and therefore by extension promote good relationships and wider community cohesion.

### **Having due regard of the Socio-Economic Duty of the Equality Act 2010.**

**Socio-Economic Disadvantage is living in less favourable social and economic circumstances than others in the same society.**

*As a listed public body, Ceredigion County Council is required to have due regard to the Socio-Economic Duty of the Equality Act 2010. Effectively this means carrying out a poverty impact assessment. The duty covers all people who suffer socio-economic disadvantage, including people with protected characteristics.*

### **3.6.5 What evidence do you have about socio-economic disadvantage and inequalities of outcome in relation to the proposal?**

Describe why it will have a positive/negative or negligible impact.

The proposal should have a positive effect in regard to the Socio Economic Duty of the Equality Act 2010 in that it supports people who are unable to access market housing to access an intermediate tenure product and support them to staircase out of the intermediate tenure over time.

What evidence do you have to support this view?

The needs for such a product to support those people on lower incomes are evidenced through the Local Housing Market Assessment.

What action(s) can you take to mitigate any negative impacts or better contribute to positive impacts?



As the Community Housing Scheme is intended to reduce socio-economic disadvantage and inequality, there are no negative impacts of the Strategy identified at this stage. However, there are some key actions that will be taken to better contribute to positive impacts. These actions are to monitor the delivery of the scheme to assess the impact and adjust or amend as necessary. These actions will provide crucial feedback on the effectiveness of the scheme in reducing socio-economic disadvantage and inequality, and directing future actions put in place. Specifically, these are:

- 1) The delivery of the Corporate Well-being Objectives is assessed annually as part of the Self-Assessment Report in November as required by the Well-being of Future Generations (Wales) Act 2015.
- 2) Part of the process of conducting the annual Self-Assessment includes a desktop analysis of a variety of evidence, including internal performance reports, external inspection reports and the results of consultation. This helps to provide essential feedback and independent views on the Council's performance and on progress with the delivery of its Corporate Well-being Objectives.
- 3) The delivery of business plans is assessed quarterly through the internal Corporate Performance Board Meetings. The business plans align with the Corporate Strategy and the Corporate Well-being Objectives and contribute the National Well-being Goals.
- 4) The annual business planning process seeks to strengthen the Golden Thread and ensure that business plans support the delivery of the Corporate Well-being Objectives and national well-being goals.
- 5) Ongoing public consultation/engagement with protected groups will provide important feedback on Council services and where inequalities may exist.

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<b>3.7. A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh Language are promoted and protected. <i>In this section you need to consider the impact, the evidence and any action you are taking for improvement. This in order to ensure that the opportunities for people who choose to live their lives and access services through the medium of Welsh are not inferior to what is afforded to those choosing to do so in English, in accordance with the requirement of the Welsh Language Measure 2011.</i>				Describe why it will have a positive/negative or negligible impact.	What evidence do you have to support this view?	What action (s) can you take to mitigate any negative impacts or better contribute to positive impacts?
Will the proposal be delivered bilingually (Welsh & English)?	Positive	Negative	None/ Negligible	The scheme will be administered bilingually	The current affordable housing scheme is delivered bilingually and supports local people to secure housing in their communities	
	x					
Will the proposal have an effect on opportunities for persons to use the Welsh language?	Positive	Negative	None/ Negligible	The scheme will be administered bilingually and support local people to access housing in their community which could lead to an increase in daily use of Welsh.	The current affordable housing scheme is delivered bilingually and supports local people to secure housing in their communities	
	x					
Will the proposal increase or reduce the opportunity for persons to access services through the medium of Welsh?	Positive	Negative	None/ Negligible	The scheme will be administered bilingually and support local people to access housing in their community which could lead to an increase in daily use of Welsh.	The current affordable housing scheme is delivered bilingually and supports local people to secure housing in their communities	
	x					
	Positive	Negative	None/			

# Cyngor Sir Ceredigion County Council - Integrated Impact Assessment (IIA)

An integrated tool to inform effective decision making



How will the proposal treat the Welsh language no less favourably than the English language?	x		Negligible	The scheme will be administered bilingually	The current affordable housing scheme is delivered bilingually and supports local people to secure housing in their communities	
Will it preserve promote and enhance local culture and heritage?	Positive	Negative	None/ Negligible	The scheme will be administered bilingually and support local people to access housing in their community which could lead to an increase in daily use of Welsh.	The current affordable housing scheme is delivered bilingually and supports local people to secure housing in their communities	



**4. STRENGTHENING THE PROPOSAL:** If the proposal is likely to have a negative impact on any of the above (including any of the protected characteristics), what practical changes/actions could help reduce or remove any negative impacts as identified in sections 2 and 3?

**4.1 Actions.**

What are you going to do?	When are you going to do it?	Who is responsible?	Progress

**4.2. If no action is to be taken to remove or mitigate negative impacts please justify why.**  
*(Please remember that if you have identified unlawful discrimination, immediate and potential, as a result of this proposal, the proposal must be changed or revised).*

No negative impacts in relation to unlawful discrimination have been identified

**4.3. Monitoring, evaluating and reviewing.**

*How will you monitor the impact and effectiveness of the proposal?*

Annual review of the scheme will be conducted with amendments and changes made as required.

**5. RISK:** What is the risk associated with this proposal?

Impact Criteria	1 - Very low	2 - Low	3 - Medium	4 - High	5 - Very High
Likelihood Criteria	1 - Unlikely to occur	2 - Lower than average chance of occurrence	3 - Even chance of occurrence	4 - Higher than average chance of occurrence	5 - Expected to occur
Risk Description	Impact (severity)		Probability (deliverability)		Risk Score
					<i>Probability x Impact e.g. 3 x 5 = 15</i>

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Does your proposal have a potential impact on another Service area?

Yes – The scheme will require administering, monitoring and reviewing in doing so the Legal, Planning Policy, Finance and Housing sections will play a part. In managing this additional work load a top slice of the fund has been recommended to administer the scheme.

## 6. SIGN OFF

Position	Name	Signature	Date
Service Manager	Sarah Groves-Phillips		23/02/2023
Corporate Lead Officer	Russell Hughes-Pickering		24/02/2023
Strategic Director	James Starbuck		24/02/2023
Portfolio Holder	Clive Davies		

## Cyngor Sir CEREDIGION County Council

<b>REPORT TO:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>06 June 2023</b>
<b>LOCATION:</b>	<b>Hybrid</b>
<b>TITLE:</b>	<b>Feedback from the Corporate Resources Overview and Scrutiny Committee on the Community Housing Scheme Proposal</b>
<b>PURPOSE OF REPORT:</b>	<b>To provide feedback from the Corporate Resources Overview and Scrutiny Committee held on 13 March 2023</b>

Affordable Housing in Ceredigion is a key priority of the Corporate Strategy, the Wellbeing Plan, the Housing Strategy and the Local Development Plan and the Council deploys significant resources in creating and managing affordable housing.

Members at its Corporate Resources 13<sup>th</sup> March 2023 meeting were asked to consider the Community Housing Scheme Proposal. 'Community Housing' seeks to support people to meet their affordable housing needs in their local communities by creating a pathway to home ownership. The Council made a commitment to support such a scheme in March 2022.

During discussions, it was suggested that Officers consider the following points:

1. That the Council undertake their own formal structural survey on the subject property, to assess its condition, prior to a formal offer,
2. That any formal offer to lend by the Council is conditional on any works identified in the Council' survey. Works should then be undertaken within a given amount of time – suggest possibly six months,
3. The report (attachment A of the agenda papers) states that 'the Council loan can be for a period no longer than the period of the associated mortgage' - consideration of the repayment of the loan needs to be given to those with no mortgage so that repayment is made either upon first sale or transfer of the property.

### **RECOMMENDATION (S):**

Following discussion, Members were asked to consider the following recommendation:

1. To consider the Community Housing Scheme Proposal as set out in the enclosures.
2. To provide appropriate feedback on the scheme to Cabinet.

Members agreed to recommend that Cabinet:

1. Approve the Community Housing Scheme, subject to consideration of the following:
  - Consider alternative options in relation to the Commuted sums secured under section 106 agreements, this could include upfront commuted sum payment to help support delivery of affordable housing in the County,

- Consider including Councillor involvement in the Task and Finish Group membership.

**Councillor Rhodri Evans**  
***Chairman of the Corporate Resources Overview and Scrutiny Committee***