

Gloucester City Homes



Home Ownership Strategy



Gloucester City Homes Contact Information

Customer Services Team

Gloucester City Homes
Atlantic Suite
Southgate House
Southgate Street
Gloucester
GL1 1UW

Customer Services Line: 0800 408 2000

Text: 0778 148 2656

Fax: 01452 396599

Minicom: 01452 396161

Email: customer.services@gloscityhomes.co.uk

www.gloscityhomes.co.uk

You can also contact us using our online reporting forms.

Please note our website is speech enabled and you can adjust the size of the text and translate it to other languages.

Gloucester City Homes Document Format Information

If you would like any part of this document explained, translated or provided in another format such as large print, audio or Braille, please contact our Customer Services Team on 0800 408 2000.

Bengali

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান অথবা যদি আপনার একজন ইন্টারপ্রেটারের প্রয়োজন হয়, তাহলে দয়া করে আমাদের সাথে যোগাযোগ করুন।

Chinese

本文件可以翻译为另一语文版本，或制作成另一格式，如有此需要，或需要传译员的协助，请与我们联系。

Gujarati

જો તમને આ દસ્તાવેજ બીજી ભાષા અથવા રચનામાં જોઈતો હોય, અથવા જો તમને ઈન્ટરપ્રિટરની સેવાઓ જોઈતી હોય તો, કૃપા કરી અમારો સંપર્ક સાધો.

Polish

Aby uzyskać ten dokument w innym języku lub formacie, albo jeżeli potrzebujesz usług tłumacza, skontaktuj się z nami.

Urdu

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

[Translation reads: If you would like this document in another language or format or require the services of a translator, please contact us.]

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GLOUCESTER CITY HOMES HOME OWNERSHIP STRATEGY

1. OVERALL AIM

To develop an all-embracing strategy covering the homeownership opportunities available to our tenants and other stakeholders.

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2. SUPPORTING AIMS

To ensure that, wherever it is financially viable, that tenants view our provision of affordable housing as a transition stage pending their move either into home ownership or some other sustainable form of unsubsidised housing.

To support and compliment the Gloucester City Council's Affordable Housing Strategy.

Gloucester City Homes does not support unsustainable home ownership and will actively advise potential home purchasers of the financial implications of owning their own home.

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3. RELEVANT LEGISLATION

The Housing Act 1980 is the primary legislation

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4. SERVICE STANDARDS

To respond to Right to Buy enquiries and applications in accordance with statutory requirements.

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5. PERFORMANCE TARGETS

To deal with 100% of applications under the Right to Buy within the prescribed time limits.

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GLOUCESTER CITY COUNCIL HOUSING STRATEGY 2005/10

Increasing the Supply of Affordable Housing Stock

Public Funding

Along with Stroud and Tewkesbury Council, the City have been able to provide £500,000 towards GHMP for 2004/5/6. However the Housing Corporation have also invested a total of £3.8m making a public sector grant of £4.3m. (2004/5/6)

The South-West Region of the Housing Corporation has received a 43% increase from the Regional Housing Body (RHB) for Social Housing Grant (SHG) for 2006/7 + 2007/8. Assuming that GHMP gets a commensurate increase, this will make a substantial contribution to increasing the provision of housing for rent.

Gloucester Housing Market Partnership (GHMP)

It is envisaged that for the foreseeable future, 100% of the Housing Corporation SHG will need to be devoted to the GHMP. Although the GHMP developers are providing the housing at a significant discount from the Open Market Value (OMV) there is still a need for further subsidy to meet the Council's strategic housing need for 80% of the social housing to be for letting (at target rents) and 20% for onward sale on shared ownership. Together with a need for the latter to be available at a price not exceeding £50,000 (to meet affordability) this means a substantial call on Social Housing Grant and this area of work could well take up the whole of the allocated increase available from the Housing Corporation for the Gloucester Principal Urban Area (P.U.A)

Grant-free Housing

The result of this is that the Council is telling developers (outside of GHMP) that they must not rely on the availability of SHG for any new developments outside of GHMP. This will require developers to be realistic as to the price they can afford to pay landowners when negotiating/tendering to buy land. Appendix J sets out details of the anticipated projected supply of Affordable Housing over the life of this Strategy (outside of any "windfall sites").

The Council are committed, through its Local Plan policies and the emerging Local Development Framework (LDF), to providing the maximum level of Affordable Housing from all new developments, within the current national threshold. The draft Local Plan has adopted a lower threshold of site sizes and will work within these when they are valid through either the LDF or revised national standards.

EXISTING HOME OWNERSHIP INITIATIVES

At the time of preparing this Document (August 2007) the Home Ownership initiatives supported by Gloucester Homes are purchases under the Right to Buy, the re-sale of existing Gloucester City Council shared ownership properties and referrals for new build homebuy to the local zone agent, Gloucester Housing Association.

Statutory Schemes

Right to Buy

Any tenant who is a tenant of Gloucester City Council, managed via Gloucester City Homes has the Right to Buy providing that they live in an eligible property. Under this Right to Buy, the price paid for the property will depend on the total length of time a social housing tenancy has been held. The Gloucester City Homes 'Right to Buy Policy and Procedures' includes full details of this scheme. (Appendix 1)

Types of Right to Buy Home Ownership

There are two elements of Home Ownership related to the Right to Buy. The first is Freehold ownership and the second is Leasehold ownership.

Freehold occurs when a house is purchased. In this form of ownership the purchaser of the property purchases the property 'in perpetuity'. That is to say the ownership lasts forever and can be passed on from generation to generation.

Leasehold occurs when a flat is purchased. In this form of ownership the purchaser of the property purchases a lease to exclusively occupy the property. The lease is for a pre-determined period. In the case of the sale of the first flat in a block the lease would be for 125 years. Subsequent leases would be for a period to end on the same date as the expiry of the lease of the first sale in the block. Gloucester City Council retains the Freehold of the property.

Under certain circumstances, leaseholders may exercise their entitlement to leasehold enfranchisement. That is to say the leaseholders may jointly purchase the Freehold. The details of Leasehold enfranchisement are outside of the scope of this strategy. Further details can be found at; <http://www.lease-advice.org>

Gloucester City Homes will support Leaseholder in remaining Home Owners by approaching arrears of service charges and ground rent in a sensitive and positive manner rather than seeking forfeiture of the lease as a remedy for non-payment.

Right of First Refusal for Landlord

All purchasers of properties that are sold through the right to buy after 10th August 2005 must offer the property back to the landlord if they plan to dispose of the property within ten years of the date of conveyance.

All such offers will be referred to Gloucester City Council for their consideration.

Re-Sale of existing Shared Ownership Properties.

At the time of preparing this Document (August 2007) Gloucester City Homes manages approximately 70 Shared Ownership properties. These are properties where the occupier has purchased a percentage of the property and the rest is rented to the occupier by Gloucester City Council. The properties are managed by Gloucester City Homes.

Occupiers of Shared Ownership Properties may purchase additional shares in their home until they achieve 100% ownership. Gloucester City Homes facilitates total home ownership by giving advice on the potential purchase of additional shares although it is ultimately for Gloucester City Council to deal with the sale of the additional shares.

Gloucester City Homes will promote the re-sale of Shared Ownership to those who would otherwise not have the opportunity of house purchase on the open market. This is achieved in partnership with Gloucester City Council who is ultimately responsible for any re-sales.

Homebuy scheme

New Build Homebuy, also described as shared ownership or part rent/part buy, was introduced to enable people, who wish to buy a home but are unable to raise a sufficient mortgage and/or deposit to purchase a home outright.

With a New Build Homebuy scheme purchasers buy a share of the property, usually 50% (with the benefit of a lease), and pay a subsidised rent on the remainder.

Applicants are normally first time buyers, and priority is given to local authority or housing association tenants and those on housing waiting lists, although anyone may apply.

Prospective purchasers must be able to raise a mortgage to meet the purchase share. They will buy a share of the property at a price based on its current market value.

The minimum share normally available is 50%, although it may be possible to buy a share from 25% - 75% of the open market value. Over time purchasers may buy a greater share of the property, in 10% stages, up to full ownership. However, on some properties, usually in rural areas, they may not always be able to buy outright.



Gloucester City Homes will promote the Homebuy Scheme to those who would otherwise not have the opportunity of house purchase on the open market. This is achieved in partnership with Gloucester Housing Association and New Futures who are the zone agent for Gloucester.

All enquiries are forwarded to GHA and there are links from Gloucester City Homes Website to New Futures.

POTENTIAL FUTURE HOME OWNERSHIP INITIATIVES

Incentive to Move Scheme

Definition	The payment of lump sum to existing Council Tenants to encourage tenants to purchase in the private sector rather than exercising the Right to Buy on their Council Home.
Pros	Frees up a Council House for re-letting as well as encouraging Home ownership
Cons	To be meaningful in the current housing market the incentive would have to be close to the maximum RTB discount of £30,000 although in practice £10,000 would be sufficient to meet to 5% payment expected by most mortgage lenders.

Shared Ownership of existing Council properties (Social Homebuy)

Definition	The opportunity for existing tenants to purchase a share in their current Council home.
Pros	An easy approach to expanding home ownership.
Cons	Has been tried in the past but found to be overly complex and seen to encourage marginally viable home ownership. May be introduced as part of 'Homebuy' scheme

Affordable Self Build

Definition	The opportunity for prospective homeowners to build at low cost. Potentially made affordable by the provision of the land (e.g. underused garage sites) at nil cost.
Pros	The land-owner can retain an interest in the property to ensure the property remains affordable. Land cost account for a significant proportion of the cost of building a home.
Cons	Mortgage lenders are reticent to grant mortgages where ownership of the land does not rest with the mortgagor.

Affordable self build and train

- Definition** Same as Affordable self build but incorporating training in construction skills as part of a package.
- Pros** Addresses the shortage of construction industry trainees. As a package of training and housing it meets most of Central Governments aims for inclusion.
- Cons** Potential participants are likely to be currently unemployed and thus find it difficult to get a mortgage and may find Benefits cease if the participant is not available for work.

Development of 'below open market level' shared ownership.

- Definition** New build shared ownership using existing underutilized Council land. A separate company is established outside of the traditional 'Not for Profit' regime. That enables greater freedom with rent setting. Designed to appeal to those who traditionally would not have considered Social Housing but increasing property prices remove the option of open market home ownership.

Potential definition of affordability

- Housing for rent, the rent for which does not exceed 25% of the weekly average household income within the District.
- Housing for sale, the maximum price for which does not exceed that which can be purchased with a 95% mortgage equivalent to 3 times the average annual household income within the District.
 - Affordable rent would be £139.13 per week
 - Affordable house purchase would be £86,817 mortgage + £4,569 deposit = £91,386

The above uses 2006 average household income. [Source Gloucester County Council website]

Note: a definition of affordable rent is necessary because Home Ownership may include an element of rent.

DIVERSITY

Gloucester City Homes is working towards equal opportunities and diversity in both the way we provide services and in the way we recruit and employ staff. We will endeavor to ensure that all employees, potential employees, clients and customers are treated fairly and consistently with respect to, and in accordance with, the principles of equal opportunities and human dignity. We are committed to valuing diversity in the workplace and in the community we serve, recognising our legal and moral responsibilities to be fair.

We will ensure that, during their dealings with us, no one is treated less favourably on the grounds of race, colour, gender, language, age, religion or belief, disability, sexual orientation, or any other grounds (as outlined in the Human Rights Act 1998), which cannot be justified.

We will ensure that the vision and values of the Company support and enforce our commitment to equalities and diversity: -

We will ensure that:

- We are in touch with our service users and able to respond rapidly to their changing needs.
- The services we are responsible for, whether provided by our own workforce or on our behalf, are made available to all with due regard to the principles of equal opportunities and fairness.
- Service users are treated with dignity and respect and in accordance with the principles of human rights.

Our equality and diversity initiatives have a clear and positive impact on the service our customers receive.

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