

Report of Jill Wildman, Chief Officer, Housing Leeds

Report to the Director of Environment and Housing

Date: 1 November 2016

Subject: Wharfedale View, Extra Care Scheme, Yeadon – Shared Ownership apartments

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Otley and Yeadon	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Construction of a 45 bedroom Extra Care scheme, Wharfedale View, Yeadon, is well underway and handover to Leeds City Council is scheduled for 29 November 2016.
2. The scheme will remain in LCC ownership with Housing Leeds providing the housing management service, sheltered housing service and Adult Social Care procuring the core care service.
3. A previous DDN was approved on 27 May 2016 focussing on:
 - The Housing Management and Support Model
 - The Care arrangements as being procured by Adult Social Care
 - How the relationship will be managed to ensure an effective service
 - The costs involved for tenants, shared owners and the Council.
4. In line with the successful bid for £1.57m of Department of Health Care and Specialist Supported Housing Funding 10 of the apartments will be available to purchase through Older People's Shared Ownership with an equity stake of up to 75% being offered.

5. Marketing of shared ownership properties is progress well and a decision is now required on some of the more detailed aspect of the shared ownership sales.

Recommendations

6. That the Director of Environment and Housing approve the following:
 - The draft shared ownership lease appended to this report.
 - A reservation fee of £250 is paid to secure a Shared Ownership property
 - Priority is given to sale of shared ownership properties to cash buyers
 - That a limit of 12 weeks is set for an applicant to complete a sale, but that this is flexibly applied where there is no cash buyer wishing to purchase and the applicant is actively marketing and seeking to sell their current property at a realistic price.
 - That temporary permission (maximum 6 months) can be granted to the leaseholder to sub-let the property if they are finding it difficult to sell, to persons aged 55 years or over.
 - The Director of City Development has authority to discharge any function of the Executive in relation to Asset Management under Part 3, Section 3E(g) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) and is therefore requested to approve the sales of individual OPSO apartments as and when terms have been agreed with eligible applicants.
 - The Chief Officer (Housing Management), Housing Leeds has authority to approve any shared owner who will have remaining capital considerably over the General Needs threshold of £30,000 but who will require capital for their significant care needs and it is felt they would benefit substantially from living at an Extra Care scheme.

1.0 Purpose of this report

- 1.1 This report outlines proposals for the Shared Ownership apartments at the new Extra Care scheme, Wharfedale View, Yeadon which is due to open in December 2016.

2 Background information

- 2.1 Given that one of the priorities of the funding was to increase the availability of housing for home ownership, the Council committed in the bid to sell 10 of the apartments in the form of Older Peoples Shared Ownership (OPSO) - with an equity stake of 75% being offered.
- 2.2 OPSO operates on shared ownership principles but with some differences from the regular product as it will only be available to people aged 55+, with the maximum level of equity which can be purchased being 75%. Shared owners acquiring a 75% equity stake, under the conditions of an OPSO lease, will not be required to pay rent on the remaining 25% which the housing provider owns.
- 2.3 If the council fails to sell 10 apartments under an OPSO lease, they can be offered for rent. In this situation, the council would have to evidence to the HCA what attempts had been made to sell the properties.

3 Main issues

- 3.1 Approval was given through a DDN on 27 February 2014 for the completion of the HCA Care and Supported Specialised Housing Grant Agreement to draw down funding for 45 apartments at Wharfedale View, including 10 for shared ownership.
- 3.2 The Commercial Property Team within Legal Services has prepared a draft lease which is appended to this report.
- 3.2 'Help to Buy' (part of Yorkshire Housing) have been appointed by the HCA for the North East, Yorkshire and Humberside to guide prospective shared owners through the options available and explain the eligibility and affordability criteria.
- 3.3 The Housing Growth Team has appointed Help to Buy to market the Shared ownership properties. Advertising the development on their website (15,000 visitors a month) commenced in August 2016. The SLA includes:
- Targeting people listed on their database who have applied for Shared Ownership and are over 55 and require a certain area.
 - Advertising the scheme on Rightmove. (£60 inc VAT per plot)
 - Advertising on the Help to Buy monthly buyers newsletter (8000 people)
 - Undertaking an initial check on eligibility for shared ownership.
- 3.4 Initial interest in the properties has been positive with five residents confirmed as eligible by Help to Buy and who are wishing to proceed. While it is expected that some buyers will be cash buyers, most interest to date has been from people who need to sell their property in order to complete the purchase. Help to Buy advise that this is often the case for OPSO.

- 3.5 Research has identified that private providers generally ask for a reservation fee of £500 to secure a property and Social Providers £250. Legal Services have advised that £250 would be sufficient to cover all administration costs if a sale did not proceed. It is therefore proposed that a reservation of £250 is required to secure a property.
- 3.6 A further Delegated Decision report to the Director of City Development will be submitted to obtain the individual approval for the sale of each Shared Ownership apartment as and when percentage to be purchased and purchase price have been agreed with eligible applicants and the reservation fee received.
- 3.7 Best practice has identified that when selling Shared Ownership properties, priority is given to applicants who are cash buyers and so are able to complete the sale more quickly. It is therefore proposed to give priority to cash buyers which will also help to reduce the void turnaround between lets.
- 3.8 Discussions have taken place with other OPSO providers regarding applicants with a property to sell. Most providers set a limit of 12 weeks for a sale to complete. However, this is flexibly applied where an applicant can demonstrate that they are actively marketing their property and it is at a realistic price or where a sale is underway.
- 3.9 However, thought should be given to the loss of rental income if the percentage share to be purchased is less than 75%, and the loss of Service Charge and Future Maintenance fund payments for the period that the units remained empty. The weekly loss in Service Charge is £48 per week.
- 3.10 Consideration has been given to whether applicants should be required to pay the Service Charge and any rent due, should the purchase not take place within 16 weeks of the agreement to purchase. We have consulted with Help to Buy and other extra care providers and there are no other providers that make such a charge. It is therefore proposed that at this stage no charges are made, and that we review this over the next year, and re-consider this at a later date should we find that there are lengthy delays with sales.
- 3.11 The Homes and Communities Agency Capital Funding Guide sets a limit of an income of less than £80,000 per year and a maximum of £30,000 savings after the purchase for General Needs Shared Ownership, for Older People's Shared Ownership the same income level applies but no figure is stated for savings. The HCA also advise that "Applicants must be able to afford their purchase and sustain their housing costs" and that "Each application will be assessed on its individual merits by the Help to Buy agent and provider".
- 3.12 The Guidance further sets out that the Help to Buy agents/provider will not carry out the usual affordability assessment for Older People's Shared Ownership and that for extra care schemes providers can use an additional degree of flexibility when making this assessment, to take into account the higher ongoing costs of the care. For example an applicant in their 60's with a current care package in excess of £15,000 per annum and deteriorating health conditions which do not effect longevity of life will need access to significantly more savings over the period of their lifetime than an applicant in their late 70's who is registered blind

and has no other health issues. It is therefore proposed that the Chief Officer (Housing Management) Housing Leeds is given authority to approve any shared owner who will have remaining capital considerably over the General Needs threshold of £30,000 but who will require capital for their significant care needs over time and it is felt they would benefit substantially from living at an Extra Care scheme.

3.10 Financial Implications

- 3.10.1 Asset Management have valued one bedroom apartments at £135,000, £142,000 and £145,000 dependent on position in the building two bedroom apartments at £160,000 and £163,000.
- 3.10.2 Rent has been calculated on an 'affordable' rent basis (80% of market value) at £340pcm, £360pcm and £364pcm for a one bedroom apartment and £420pcm and £424pcm for a 2 bedroom apartment.
- 3.10.3 Help to Buy advise that if an applicant has capital to purchase 75% then they should purchase the full 75% and not a lesser amount.
- 3.10.4 Guidance includes that rent and associated housing costs should not exceed 45% of net income. As part of the application process proof of income and savings is requested, with a guideline limit of £30,000 savings. However, for OPSO long term sustainability of living in the property should be taken into account including consideration of the age and type of care needs an individual has and their ability to pay for these in the future allowing for flexibility in the £30,000.
- 3.10.5 The DDN in May 2016 included for Shared Owners to pay the service charge of £48 per week and a Future Maintenance Fund (regular payments into a long term savings account towards any large cost communal / capital improvements or lifecycle replacements) of £23 per week.
- 3.10.6 All Shared Owners will also pay the Core Care Costs (24/7 service to provide support for unplanned care needs and emergencies) of £45.12 per week and have an individual agreement with Roche Healthcare Ltd, who have been commissioned through Adult Social Care to deliver the service.
- 3.10.7 Under the terms of an OPSO lease the Council will have right of first refusal when a property is re-sold. Other scheme providers suggest that buy-back is often the only realistic option if a shared owner passes away; family members are usually ineligible for Extra Care, they sometime experience difficulties selling on the open market and rent arrears start to accrue if the shared ownership equity is less than 75%.
- 3.10.8 The Government 'Capital Funding Guidance' also provides that temporary permission can be granted to the leaseholder to sub-let the property if they are finding it difficult to sell, however, all tenancies should only be granted to persons aged 55 years or over. Research shows that 'temporary' permission is usually limited to 6 months.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Other Social Housing providers of OPSO have been consulted on both reservation fees and length of time to complete a property sale.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 The 'Vision for Leeds' is aimed at reducing the inequalities that still exists. In developing this new Extra Care scheme due consideration will be given to promote housing equality and the scheme will assist older people to live independently in the community.

4.2.2 The proposals contained within the report will have a positive impact on the wellbeing of older people as the new scheme will address social isolation issues and increase the opportunity for independent living.

4.2.3 The new scheme will meet key Leeds City Council equalities priorities. Specifically these will be to:

- Increase a sense of belonging that builds cohesive and harmonious communities
- Ensure that housing and regeneration investment meets the changing needs of individuals and communities
- Improve housing conditions and energy efficiency
- Support adults whose circumstances make them vulnerable to live safe and independent lives

4.3 The Equality and Diversity/Cohesion and Integration screening document has been completed to ensure due regard to equality issues. This is attached for reference at Appendix 2. The screening process found that it is a positive opportunity to promote the delivery of significant investment in improved, sustainable, specifically designed homes for older people.

4.4 Council policies and Best Council Plan

4.4.1 The proposals outlined within this report contribute towards the Best Council Plan 2015-20 priorities:

- Delivering the Better Lives programme
- Becoming a more efficient and enterprising council

4.4.2 The proposals also support one of the Council's key breakthrough projects of 'Making Leeds the best place to grow old'.

4.4.3 The details contained within this report will contribute to the following best city outcomes:

- Be safe and feel safe
- Enjoy happy healthy and active lives
- Live with dignity and stay independent for as long as possible
- Live in decent, affordable homes within clean and well cared for places

4.5 Resources and value for money

- 4.5.1 Research demonstrates that extra care is effective in reducing the amount of care or delaying an increase in care combined with an improvement in individual wellbeing. Research indicates that access to extra care housing has a positive impact on health and social care services costs, providing value for money benefits as well as an improvement in quality of life for the city's older people. The delivery of additional housing units specifically for older people can also assist in freeing up larger family homes by encouraging downsizing and facilitate a more effective use of the existing housing stock.
- 4.5.2 In relation to the cost of Residential Care, Extra Care can be seen as a viable alternative. Costs paid by Leeds City Council for residential care range from £411 to £468 per person per week for a 'core' service. For Wharfedale View the expected cost for a 1 bedroom apartment with 'core' care and 'average' add-on care is £273.54.

4.6 Legal Implications, Access to Information and Call In

- 4.6.1 The Care Act (2014) has brought together previous legislation and put new duties and responsibilities on local authorities to improve older people's independence and well-being and prevent the need for increasing care and support.
- 4.6.2 The proposals contained within this report are not eligible for call in.
- 4.6.3 There is no exempt or confidential information contained in this report.

4.7 Risk Management

- 4.7.1 There is a risk of not selling all shared ownership properties, however, if the Council could demonstrate to the HCA that it had made appropriate attempts to sell the properties they could be offered for rent.

5 Conclusions

- 5.1 It is essential that older people have access to a range of housing options appropriate to their stage in life and level of dependency.
- 5.2 This scheme is in support of the Council's Older People's Housing and Care Strategy and brings together a co-ordinated response between Adult Social Care, Environment and Housing and City Development for Extra Care housing provision for older people.
- 5.3 OPSO allows people who are unable to afford the full costs of purchasing private Extra Care accommodation to remain a home owner whilst receiving the care and support they require to maintain their independence.
- 5.4 Interest to date has been positive from potential applicants who have commented on the exceptional quality of accommodation at Wharfedale View.

6 Recommendations

- 6.1 That the Director of Environment and Housing approve the following:

- The draft shared ownership lease appended to this report.
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7 Background documents¹

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.