

Planning Committee

Variation of s106 agreement Rural Housing Trust Properties Congyer Close Bletchingdon Sands Close Islip

3 November 2011

Report of Head of Service 8

PURPOSE OF REPORT

To propose a variation to a s106 agreement made with the Rural Housing Trust which would enable better access to mortgage finance for prospective purchasers of shared ownership units

This report is public

Recommendations

The Planning Committee is recommended to:

- (1) Approve the variation of the s106 agreement

Executive Summary

Introduction

- 1.1 The Council works with Housing Association partners to provide shared ownership schemes for people who cannot afford to purchase outright on the open market
- 1.2 We have been asked by the Rural Housing Trust to vary the terms of a s106 agreement to allow better access to mortgage finance for prospective purchasers of their properties in Bletchingdon and Islip

Proposals

- 1.3 The Council should enter into a deed of variation in accordance with the Rural Housing Trusts request to vary the ownership of these properties to a traditional shared ownership lease.

Conclusion

- 1.4 It is difficult to obtain mortgage finance on these properties with the current ownership arrangement and the Council should use this opportunity to improve access to shared ownership in the event of a resale for prospective purchasers.

Background Information

- 2.1 In 1996, The Rural Housing Trust (RHT) developed properties in Islip and Bletchington for sale on a shared ownership basis. The organisation originally developed a model of fixed equity shared ownership housing where RHT are joint owners with the purchaser, and both parties sign a Deed of Trust which specifies the percentage owned. This was agreed in a s106 agreement between the Council and the RHT, as follows:-

“the Association shall cause each purchaser or a dwelling to enter into a Transfer and Deed of Trust in the form, or substantially in the form, of the Deed of Trust attached hereto”
- 2.2 RHT therefore hold the property with the purchasers as 'Tenants in Common' in unequal shares. The original reason for selling the shared ownership housing this way was to cap the share that could be purchased and prevent outright ownership. Now there is legislation to ensure that “staircasing” on shared ownership properties in small rural settlements is capped at 80%
- 2.3 RHT have found that only one mortgage lender is prepared to offer mortgage finance on this basis and has asked the Council to vary the agreement. It is their belief that a failure to do so will effectively render the properties unsaleable.

Key Issues for Consideration/Reasons for Decision and Options

3.1

The following options have been identified. The approach in the recommendations is believed to be the best way forward

Option One	Vary the s106 agreement
Option Two	Not vary the s106 agreement

Implications

Financial: There are no financial implications for the Council arising from the variation of the s106

Comments checked by Karen Curtin, Head of Finance
01295 221551

Legal:

The s106 agreement must be varied with a further agreement.

Comments checked by Nigel Bell, Team Leader –
Planning & Litigation, 01295 221687

Risk Management:

There is a risk to the Rural Housing Trust if the s106 is not varied that the properties would become unsaleable and that residents would be unable to re-mortgage them. This carries a small risk to the Council's ability to meet its strategic objectives

Comments checked by Claire Taylor, Corporate
Performance Manager 01295 221563

Equality and diversity

Varying the s106 agreement will improve access to resale shared ownership properties

Comments checked by Claire Taylor, Corporate
Performance Manager 01295 221563

Wards Affected

Kirtlington (Bletchingdon) and Otmoor (Islip)

Document Information

Appendix No	Title
None	
Background Papers	
None	
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