

WEST OXFORDSHIRE DISTRICT COUNCIL
FINANCE MANAGEMENT OVERVIEW AND SCRUTINY COMMITTEE
LOCAL AUTHORITY PARTNERSHIP PURCHASE (LAPP) SCHEME UPDATE
REPORT OF THE HEAD OF PLANNING & STRATEGIC HOUSING
(Contact: Jenny Poole)

This report is for information.

1. PURPOSE

To provide an update to Members of the Committee on the current progress of the LAPP scheme.

2. RECOMMENDATIONS

That Members consider the outcomes of the LAPP scheme, the options for next steps set out in section 5 of the report and, if appropriate, make recommendations to Cabinet.

3. BACKGROUND

- 3.1. The Local Authority Partnership Purchase Scheme (LAPP) was developed in response to the increasing cost of buying or renting a home. The scheme operates on a shared ownership model, whereby an applicant will buy the majority of the property, with the Council buying the remaining lesser share.
- 3.2. The scheme is aimed at applicants who cannot afford outright purchase or do not have a large deposit but who can afford mortgage repayments.
- 3.3. The LAPP scheme allows an applicant to identify a property and purchase a home on the open market, rather than restricting applicants to purchase properties specifically deemed to be 'shared ownership' property.
- 3.4. Council allocated £500,000 of budget to support the LAPP scheme.
- 3.5. The West Oxfordshire scheme was launched in August 2017 with an application deadline on 31 October 2017. 46 applications were received during this time but only 2 applications were progressed to the stage where they had been approved to find a property within certain parameters based on their financial assessments with Censeo (Stage 3).
- 3.6. At this point, applicants were informed of the maximum property value and share they were eligible to purchase as part of the scheme. Guidance on finding a property was also given to the 2 applicants.
- 3.7. Due to the lack of further progress noted at the FMOS meeting held on 11 July 2018, it was agreed that the scheme would allow up to a 50% applicant / 50% Council share split (initially agreed as 70% applicant / 30% Council); that the 2 approved applicants would be given another 6 months to find a property through the LAPP scheme; and that the scheme would be reviewed in January 2019.

4. ACTIVE APPLICATIONS

- 4.1. The 2 successful applicants were re-contacted by letter dated 19 September 2018 and asked to update their financial information with Censeo by 17 October 2018 in order to ensure that they remain eligible for assistance from the scheme.
- 4.2. Of the 2 applicants, only 1 completed the update, which showed that they are still eligible for assistance through the LAPP scheme. The applicant was notified of the findings on 24 October 2018 and were given until 31 December to complete Stage 3 i.e. identify a home to purchase through the scheme within the parameters calculated by Censeo and arrange a full financial assessment with a Broker.
- 4.3. As only 1 application remained active, the remaining 12 applicants that were initially contacted to complete financial assessments with Censeo, who had previously failed, were invited to update their financial information in order to be re-considered for assistance as part of the scheme. 3 additional applications were completed and passed and were given until 31 December 2018 to complete Stage 3 of the scheme.
- 4.4. An additional review of applications was completed in order to rank the remaining applicants for an assessment with Censeo as progress was still deemed to be relatively slow. The selection criteria previously used was refined slightly to give more weight to key workers, first time homebuyers and those living in social housing, or on the waiting list, for social housing. 2 points were awarded instead of 1 for first time homebuyers and those living in, or on the waiting list for, social housing. Applications that included key workers were also prioritised. All applications were re-assessed using this method.
- 4.5. After the re-scoring of applications using the new method, the top 5 applicants (where the application included at least 1 person classed as a key worker) were invited to complete financial assessments by 31 December 2018.
- 4.6. Of these 5 applicants, one has completed and passed their assessment with Censeo. The successful applicant has been sent a letter to outline their eligibility to proceed to Stage 4 with a deadline to identify a property for purchase by 8 March 2019.
- 4.7. The following table summarises the progress made since the last FMOS meeting organised according to the stages of the LAPP scheme process:

Stage No.	Stage summary	No. of Applicants Sept 2017 – July 2018	No. of Applicants Aug 2018 – Dec 2018
Stage 1	Applications are scored and ranked.	46	62 (including 11 late applications and 5 previously excluded)
Stage 2	An eligibility letter is sent to top candidates and they are invited to complete a financial assessment with Censeo. Censeo completes the financial review and confirms the maximum property value and share that can be purchased by applicants.	14	19 (Breakdown: 14 from 1 st round of invitations, plus next 5 highest scores with prioritisation of key workers).
Stage 3	Applicants who pass the Censeo assessment are contacted and asked to proceed to find a property, providing them with 'LAPP - Guidance on Finding a Property'	2	4
Stage 4	Client confirms new property details once found and arranges a full financial assessment with Broker	0	0
Stage 5	Broker provides LA with the outcome of the full assessment and provides client documentation along with a mortgage agreement in principle	N/A	N/A
Stage	LA arranges for a Property Valuation and Survey	N/A	N/A

6	to be conducted on the property to be purchased		
Stage 7	Formal MOS issued to client.	N/A	N/A
Stage 8	Broker contacts client within 24 hours and mortgage application submitted within 2 working days of receipt of the MOS	N/A	N/A

4.8 Following the 31 December 2018 deadline, there are currently 4 applicants looking for a home to purchase through the LAPP scheme.

5. THE WAY FORWARD

5.1. Given that none of the 4 active applications have progressed to complete Stage 4, the Council could chose to:

- Continue on with the current 4 applicants and wait for them to find suitable properties to purchase. To align all applications, the extended deadlines would need to be set for 8 March 2019.
- Choose to re-open the scheme to new applicants and look for new 'high scoring' applications.
- Choose to close the scheme completely and re-allocate the £500,000 budget to another home ownership scheme that Officers have been negotiating with Bloor Homes This scheme could deliver up to 30 low cost homes for inclusion as part of this Council's contribution towards the Oxfordshire Growth Deal Affordable Homes target.

6. FINANCIAL IMPLICATIONS

Any changes to the scheme will need to be considered by the Cabinet, with appropriate recommendations to Council.