

**Initial Equality Impact Assessment – Right to Part Buy**

Department	Housing and Regeneration
Policy	Right to Part Buy
People involved	Clare O'Connor (Deputy Head of Policy) Chris Jones (Assistant Director Housing Strategy and Development) Caron Burls (Home Ownership Team Leader) Keith Burnett (Policy and Performance Officer)

**1. What are the aims of the policy and what changes are being proposed?**Aims of the policy

The aims of the policy is to increase affordable home ownership options in the Borough by offering council tenants the opportunity to purchase on a shared ownership basis where they cannot afford to purchase outright. It would also allow the Council to retain the ability to continue to use the property as a long lasting affordable housing solution. Any receipts from sale would be retained within the Housing Revenue Account (HRA) would support council housing related activity including new build, regeneration plans and the overall viability of the HRA.

Proposed changes

The Wandsworth Right to Part Buy (RTPB) would be a voluntary scheme offered to secure council tenants as an affordable alternative to the Right to Buy (RTB) which is becoming increasingly unaffordable for households on low to middle incomes. It would enable a council tenant who wishes to purchase their home but cannot afford the full purchase price to buy a share of between 25 to 100 per cent of their property whilst also benefiting from a proportionate discount available under the RTB which currently stands at £103,900. Any receipts from partial or full sale would be retained within the HRA.

**PROVISIONS OF THE RIGHT TO PART BUY SCHEME**

- (a) Tenants wishing to apply for the RTPB Scheme would be required to apply and qualify for the statutory RTB scheme.
- (b) Tenants whose application is accepted under the RTB would be sent an invitation to apply for consideration for the RTPB scheme.
- (c) Tenants who have been in receipt of Housing Benefit in the previous 12 months would be ineligible for RTPB.
- (d) Tenants wishing to downsize with intent to purchase under the RTPB in their new home would receive priority on the Housing Moves and Mobility Scheme.
- (e) Tenants applying for RTPB would be asked to complete a form to enable the Home Ownership Team to carry out a financial appraisal.
- (f) Tenants would have the right to purchase additional shares in 10% tranches but cannot go above 50% ownership within the first two years of ownership.
- (g) It is proposed that the tenant can purchase up to 100%.
- (h) The RTPB discount offered is the same as under the RTB terms but apportioned to the share purchased (e.g. discount is £100,000; share bought is 25% so discount awarded is £25,000). When another share is purchased tenants may receive further discount up to the maximum discount level at that point in time.
- (i) Initial rent would be based upon a proportion of the rent charged on the day prior to purchase or 2.75% of the value of the Council owned share, whichever is the lower.
- (j) Major works and Service Charges would be apportioned to the percentage of share they own.
- (k) Once acquired a share of their tenanted property tenants would relinquish their RTB.
- (l) Shared owners would have to pay the Council for arranging buildings insurance for their property and during the term of the lease would be responsible for the internal

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|     | upkeep of the property including repairs and replacement of all fixtures and fittings. If the property is a house they would also be responsible for the exterior and structural elements. If the property is a flat the Council, as landlord, would remain responsible for the exterior and structure and the upkeep and maintenance of the common parts with the leaseholder expected to contribute their share of service charge and major works costs as proportioned to the percentage held. |
| (m) | If sold, the property would be subject to the Right of First Refusal to the Council and repayment of discount (if applicable). The Council can elect to repurchase or nominate a possible purchaser from their home ownership register or allow the property to be sold on the open market at its full market price with the receipt shared between the Council and part owner.   |
| (n) | There is no charge for the initial Council valuation and legal fees but shared owners would have to pay their own legal fees upon completion. Application for further shares would incur all costs.   |
| (o) | Shared owners would not be allowed to sublet unless under exceptional circumstances.  |

## 2. What is the rationale behind these changes?

In April 2017 rents for high earning tenants are due to increase to rent levels at or closer to market rents under the 'Pay to Stay' scheme. Tenants with high incomes would most likely look at their housing options and may consider this scheme as a possible alternative to paying a higher rent. It has also become increasingly difficult for lower income Council Tenants to purchase even where they express an interest in doing so. So whilst the number of RTB enquiries has not decreased the number of sales have.

This scheme is intended to be part of a wider offer of affordable home ownership products provided by the Council. Effectively the Council is developing a gateway to the "Right to Own", it includes:

- **RTB**
- **House Purchase Grants (HPG)**
- **Do it Yourself Shared Ownership**
- **Priority for shared ownership housing**
- **A dedicated Home Ownership Team (HOT).**

With the addition of RTPB the suite of home ownership options that the Council would offer would be unique and demonstrates that the Council is responding positively to the Government's housing policy agenda and resident aspirations to own their own home.

The HRA would continue to receive rental income on the percentage that the Council retained which would be subject to future rent increases at a pre determined level rather than rent decreases under current legislation for standard housing rents as national rent setting requirements do not apply to shared ownership. The shared owner would be required to pay service charges as a leaseholder on their share of major works costs. It is recommended that the calculation of the rents and service charges be delegated to the Director of Finance to assess and implement on an annual basis.

The Right to Buy (RTB) is becoming increasingly unaffordable for households on low to middle incomes due to an increase in purchase prices. The need for such a scheme is evidenced by the level of initial enquiries received by the Homeownership Team to exercise the RTB which do not actually translate into a RTB purchase. Feedback from those who do not proceed is that even though they wish to purchase, the purchase price is too high for them to take full purchase further.

By providing the tenants with the formal Section 125 offer notice, it would ensure that tenants have full information about future service charges and major works liabilities.

Tenants who have been in receipt of Housing Benefit in the previous 12 months would be ineligible for RTPB as it is likely they could not afford to purchase and to help prevent fraud.

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Tenants wishing to downsize with intent to purchase under the RTPB in their new home would receive priority on the Housing Moves and Mobility Scheme to release larger family homes at the same time as increasing affordable home ownership.

The financial appraisal would identify if tenants are deemed to be able to afford the full purchase price and they would be advised that RTPB is not available to them and that they should proceed under the statutory scheme. However, the checks in place are intended to ensure that households can afford to purchase on a sustainable basis. If, however, the financial appraisal shows that they are unable to afford the full price, they would be advised of the percentage they can purchase. If this is less than 25% of the purchase price they would be advised that they cannot purchase under RTPB, although the Council would not be able to stop them from proceeding to purchase the whole property under the statutory RTB scheme.

By capping the level of purchase to an initial 50% the Council would be able to retain all of the receipt achieved from sale both in terms of the initial purchase and tranches purchased after that. Retaining the receipt provides more options to the Council in terms of reinvesting such a capital receipt to fund a range of housing related initiatives that the Council is currently delivering including: estate regeneration, Council self build programme and to maintain stock to the decent homes plus standard. Such initiatives would also allow the Council generally to maintain a viable HRA.

If sold the Council would get first refusal to buy the property back and it is protected from sub-letting under the terms of the lease.

Rent charged would be set in proportion to the equity held, so that as the shared owners proportion in the property increases their rent decreases. Rent is subject to annual increases at a predetermined rate (CPI & 1%) under the terms of the lease and would not be subject to the recent Government rent decrease policy as shared ownership/equity rental arrangements are excluded from the requirement to apply national rent policy.

**3. What information do you have on the policy and the potential impact of your policy change in relation to the following (race, gender, disability, age, faith and sexual orientation)?**

We do not know what the race, gender, disability, age, faith or sexual orientation would be of all applicants who would apply for the RTB or RTPB in the future. However, analysis has been undertaken of the tenants of the Council whom may be entitled to RTB or RTPB through the housing internal database, to determine what the impact may be from the proposals set out in this document on those with protected characteristics.

Information about applicants' sexual orientation and religion and belief is not sought or recorded by the Council.

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Race	<p><u>Census Data</u></p> <p>28.6% of residents are BAME according to the 2011 Census</p> <p><u>Ethnic Group of Wandsworth Council Tenants at 31st March 2016</u></p> <table border="1"> <thead> <tr> <th>Ethnic Group of Council Tenants at 31st March 2016</th><th>%</th></tr> </thead> <tbody> <tr> <td>White</td><td>44%</td></tr> <tr> <td>Mixed/Multiple Ethnic Group</td><td>2%</td></tr> <tr> <td>Asian/ Asian British</td><td>9%</td></tr> <tr> <td>Black/African/Caribbean/Black British</td><td>27%</td></tr> <tr> <td>Other Ethnic Group</td><td>4%</td></tr> <tr> <td>Not Known</td><td>14%</td></tr> </tbody> </table> <p>42% of Wandsworth Council Tenants are BAME, which is above the borough profile for BAME residents. The proposals are likely to benefit those in the BAME groups as they would allow more people in these groups to access low cost home ownership options.</p> <p><u>Ethnic Group of Under-occupiers Registered to Downsize at 31st March 2016</u></p> <table border="1"> <thead> <tr> <th>Ethnic Group of Under-occupiers at 31st March 2016</th><th>%</th></tr> </thead> <tbody> <tr> <td>White</td><td>61%</td></tr> <tr> <td>Mixed/Multiple Ethnic group</td><td>3%</td></tr> <tr> <td>Asian/Asian British</td><td>3%</td></tr> <tr> <td>Black/African/Caribbean/Black British</td><td>28%</td></tr> <tr> <td>Other Ethnic Group</td><td>1%</td></tr> <tr> <td>Not Known</td><td>5%</td></tr> </tbody> </table> <p>35% of under occupiers registered to downsize are in the BAME groups, which is above the borough profile. The proposals are likely to benefit those in the BAME groups as they would allow more people in these groups to access low cost home ownership options and they would have a priority for downsizing if they want to take up the RTPB option.</p>	Ethnic Group of Council Tenants at 31st March 2016	%	White	44%	Mixed/Multiple Ethnic Group	2%	Asian/ Asian British	9%	Black/African/Caribbean/Black British	27%	Other Ethnic Group	4%	Not Known	14%	Ethnic Group of Under-occupiers at 31st March 2016	%	White	61%	Mixed/Multiple Ethnic group	3%	Asian/Asian British	3%	Black/African/Caribbean/Black British	28%	Other Ethnic Group	1%	Not Known	5%
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Gender	<p><u>Census Data</u></p> <p>52% of residents are female according to the 2011 Census</p> <p><u>Gender of Wandsworth Council Tenants at 31st March 2016</u></p> <table border="1"> <thead> <tr> <th>Gender of Wandsworth Council Tenants at 31st March 2016</th><th>%</th></tr> </thead> <tbody> <tr> <td>Male</td><td>35%</td></tr> <tr> <td>Female</td><td>65%</td></tr> </tbody> </table> <p>65% of Wandsworth Council Tenants are female, which is above the borough profile for this group. The proposals are likely to benefit females as they would allow more people in this group to access low cost home ownership options.</p> <p><u>Gender of Under-occupiers Registered to Downsize at 31st March 2016</u></p> <table border="1"> <thead> <tr> <th>Gender of Under-occupiers at 31st March 2016</th><th>%</th></tr> </thead> <tbody> <tr> <td>Male</td><td>22%</td></tr> <tr> <td>Female</td><td>78%</td></tr> </tbody> </table>	Gender of Wandsworth Council Tenants at 31st March 2016	%	Male	35%	Female	65%	Gender of Under-occupiers at 31st March 2016	%	Male	22%	Female	78%																
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Disability	<p><u>Census Data</u></p> <p>According to the 2011 Census the day to day activities of 4.8% of residents are limited a lot with a further 5.8% seeing day to day activities limited a little.</p> <p><u>Council Data</u></p> <p>The Council does not have statistically robust information on disability in relation to its council housing tenants.</p> <p>1% of under-occupiers registered to downsize are on the physical disability queue.</p>																																
Age	<p><u>Census Data</u></p> <p>27.6% of residents are aged under 25, 63.6% are aged between 25 and 64 and 8.8% of residents are aged 65 and over according to the 2011 Census.</p> <p><u>Age of Wandsworth Council Tenants at 31st March 2016</u></p> <table border="1"> <thead> <tr> <th>Age of All Tenants</th><th>%</th></tr> </thead> <tbody> <tr> <td>Under 25</td><td>0%</td></tr> <tr> <td>25 to 34</td><td>13%</td></tr> <tr> <td>35 to 44</td><td>19%</td></tr> <tr> <td>45 to 54</td><td>24%</td></tr> <tr> <td>55 to 64</td><td>17%</td></tr> <tr> <td>65 to 74</td><td>13%</td></tr> <tr> <td>75 and over</td><td>13%</td></tr> </tbody> </table> <p>73% of Wandsworth council tenants are in the 25 to 64 age groups, which is above the borough profile for residents in these groups. The proposals are likely to benefit those in these groups as they would allow more people to access low cost home ownership options. 26% of council tenants are aged 65 and over, which is higher than the borough profile for residents. There are a large proportion of residents, aged 45 and over or 67%, who may find it increasingly difficult to access finance but may benefit by being able to afford a lower share in their property. There may be exceptions where part purchase is agreed given household circumstances (e.g. older tenants may be limited in terms of the time over which they can borrow to purchase). Such exceptional determinations are undertaken by the Assistant Director (Strategy and Development) on the detailed circumstances of the case put forward.</p> <p><u>Age of Under-occupiers Registered to Downsize at 31st March 2016</u></p> <table border="1"> <thead> <tr> <th>Age of Under-Occupiers</th><th>%</th></tr> </thead> <tbody> <tr> <td>Under 25</td><td>1%</td></tr> <tr> <td>25 to 34</td><td>2%</td></tr> <tr> <td>35 to 44</td><td>6%</td></tr> <tr> <td>45 to 54</td><td>28%</td></tr> <tr> <td>55 to 64</td><td>34%</td></tr> <tr> <td>65 to 74</td><td>15%</td></tr> <tr> <td>75 and over</td><td>14%</td></tr> </tbody> </table>	Age of All Tenants	%	Under 25	0%	25 to 34	13%	35 to 44	19%	45 to 54	24%	55 to 64	17%	65 to 74	13%	75 and over	13%	Age of Under-Occupiers	%	Under 25	1%	25 to 34	2%	35 to 44	6%	45 to 54	28%	55 to 64	34%	65 to 74	15%	75 and over	14%
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	70% of under-occupiers registered to downsize are in the 25 to 64 age groups, which is above the borough profile for residents in these groups. The proposals are likely to benefit those in these groups as they would allow more people to access low cost home ownership options. 29% of under-occupiers registered to downsize are aged 65 and over, which is higher than the borough profile for residents. The vast majority of under-occupiers are aged 45 and over, at 91%. Those in this age bracket may find it increasingly difficult to access finance but may benefit by being able to afford a lower share in their property. There may be exceptions where part purchase is agreed given household circumstances (e.g. older tenants may be limited in terms of the time over which they can borrow to purchase). Such exceptional determinations are undertaken by the Assistant Director (Strategy and Development) on the detailed circumstances of the case put forward.
Faith and Belief	Information about applicants' religion is not sought or recorded.
Sexual orientation	Information about applicants' sexual orientation is not sought or recorded.

**4. Thinking about each group below please list the impact that the policy change would have.**

	<u>Positive</u> impacts of policy change	Possible <u>negative</u> impacts of policy change
Race	<p>The policy would increase affordable home ownership options in the Borough by offering council tenants the opportunity to purchase on a shared ownership basis where they cannot afford to purchase outright as 42 percent of tenants are BAME this would support BAME tenants to purchase shared ownership. The take up of the scheme would be monitored to identify if the profile of tenants who take up the offer matches the tenant profile. If it does not targeted actions would be undertaken. It would also allow the Council to retain the ability to continue to use the property as a long lasting affordable housing solution. Any receipts from sale would be retained within the Housing Revenue Account (HRA) would support council housing related activity including new build, regeneration plans and the overall viability of the HRA.</p> <p>The policy would also prioritise under-occupiers who wish to downsize to take up the RTPB option.</p>	None identified.
Gender	The policy would increase affordable home ownership options in the Borough by offering council tenants the opportunity to purchase on a shared ownership basis where they cannot afford to purchase outright as 65% of	None identified.

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	<p>tenants are females and this would help support female tenants to purchase shared ownership. The take up of the scheme would be monitored to identify if the profile of tenants who take up the offer matches the tenant profile. It would also allow the Council to retain the ability to continue to use the property as a long lasting affordable housing solution. Any receipts from sale would be retained within the Housing Revenue Account (HRA) would support council housing related activity including new build, regeneration plans and the overall viability of the HRA.</p> <p>The policy would also prioritise under-occupiers who wish to downsize to take up the RTPB option.</p>	
Disability	<p>The policy would increase affordable home ownership options in the Borough by offering council tenants the opportunity to purchase on a shared ownership basis where they cannot afford to purchase outright. It would also allow the Council to retain the ability to continue to use the property as a long lasting affordable housing solution. Any receipts from sale would be retained within the Housing Revenue Account (HRA) would support council housing related activity including new build, regeneration plans and the overall viability of the HRA.</p> <p>The policy would also prioritise under-occupiers who wish to downsize to take up the RTPB option.</p>	None identified.
Age	<p>The policy would increase affordable home ownership options in the Borough by offering council tenants the opportunity to purchase on a shared ownership basis where they cannot afford to purchase outright as a majority of council tenants and under-occupiers registered to downsize are aged 45 and over this would help support elderly tenants to purchase shared ownership. The take up of the scheme would be monitored to identify if the profile of tenants who take up the offer matches the tenant profile. It would also allow the Council to retain the ability to continue to use the property as a long lasting affordable housing solution. Any receipts from sale would be retained within the Housing Revenue Account</p>	<p>A majority of council tenants and under-occupiers registered to downsize are aged 45 and over. Those in this age bracket may find it increasingly difficult to access finance but may benefit by being able to afford a lower share in their property.</p> <p>This can be mitigated by making exceptions should the assessment indicate a tenant would not be in a position to afford RTPB, to agree to part purchase given household circumstances (e.g. older tenants may be limited in terms of the time over which they can borrow to purchase). Such exceptional determinations are undertaken by the Assistant Director (Strategy and Development) on the detailed circumstances of the case put forward.</p>

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	(HRA) would support council housing related activity including new build, regeneration plans and the overall viability of the HRA.  The policy would also prioritise under-occupiers who wish to downsize to take up the RTPB option.	
Faith	As above	None identified
Sexual orientation	As above	None identified

**5. Is a full EIA required? No.****Comments - Please give the rationale here for not undertaking a full EIA**

It is not proposed to cap the number of RTPB sales allowed at this point. However, the sales would be monitored to ensure that there are no adverse impacts arising from the volume of sales anticipated in any one year.

**6. Through the initial EIA have you identified any actions that needed to be implemented to improve access or monitoring of the policy? (please list)**

Monitoring of those taking up the options of RTPB and those downsizing to take up the option would be undertaken periodically to ensure there is no adverse impact.

Signed

Date 23.09.16

Approved by: C O'Connor