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East Dunbartonshire Council

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**PLACE NEIGHBOURHOOD &
CORPORATE ASSETS
COMMITTEE**

THURSDAY, 25 JANUARY 2024

REFERENCE:

PNCA/010/24/FR

LEAD OFFICER:

**ALAN BAUER, EXECUTIVE OFFICER –
ASSETS & FACILITIES (0141 578 8624)**

CONTACT OFFICER:

**FRASER ROBB - DEVELOPMENT AND
INVESTMENT MANAGER (0141 578 8621)**

SUBJECT TITLE:

**SHARED EQUITY – FORMER LENZIE
PRIMARY SCHOOL**

1.0 PURPOSE

1.1 The purpose of this Report is to seek an exemption to the Council's Shared Equity Homes for Sale Administrative Procedures ("Shared Equity Procedures") to facilitate the inclusion of five affordable housing units at the former Lenzie Primary School development within the Council's Shared Equity Homes for Sale Scheme.

2.0 RECOMMENDATIONS

It is recommended that the Place Neighbourhood & Corporate Assets Committee

2.1 approves an exemption to the Council's Shared Equity Procedures to facilitate the Council including the five affordable housing units at the former Lenzie Primary School development within the Council's Shared Equity Homes for Sale Scheme, as more particularly detailed in the body of this Report; and

2.2 instructs officers to take such action as is necessary to progress matters, including entry into any appropriate legal documentation, subject to agreement of such documentation and resolution of any matters arising from the ongoing due diligence process to the satisfaction of the Executive Officer – Assets & Facilities and the Chief Solicitor & Monitoring Officer.

ALAN BAUER

EXECUTIVE OFFICER – ASSETS & FACILITIES

3.0 BACKGROUND/MAIN ISSUES

- 3.1** The former Lenzie Primary School was sold by the Council to Vaga Developments Ltd (“Vaga”) in 2019 for a planned residential development. Planning Permission for the development was granted in 2019 and construction of the development is now fully complete.
- 3.2** In keeping with the Council’s planning policy on developer contributions, a Section 75 Agreement was entered into for the development requiring the provision of five affordable housing units. When the Section 75 Agreement was entered into in May 2019, it was anticipated that Bield Housing & Care (“Bield”) would adopt the affordable housing units as part of its shared ownership scheme. This would have involved a purchaser taking a 75% share in the title and Bield taking a 25% share in the title.
- 3.3** Bield’s shared ownership scheme was devised in response to a specific local housing need to provide smaller properties for older people in Lenzie. The same scheme had been used for affordable housing units at the former Lenzie Hospital development and had proved successful at that site.
- 3.4** In relation to the affordable housing units, there are five, two-bedroom properties built to a moderate standard of energy efficiency and with a high standard of modern fixtures and fittings. All five flats are located within a new-build rear extension to the former school building, with two flats on the ground floor, two flats on the second floor and one flat on the third floor. Access to the flats is via an internal communal close which is shared with privately owned properties. There is a relatively high factoring charge associated with maintenance of the common areas of the development, both internal and external. There are no lifts within the building and they are designed for the mainstream market and feature no adaptations.
- 3.5** Despite a reasonable level of the interest, the sale of the affordable housing units on the basis of the Bield shared ownership scheme proved unsuccessful. Bield advised Vaga that it was withdrawing from the arrangement in Spring 2022. Feedback suggested that the additional rental charges on the 25% ownership share was a decisive factor in putting prospective buyers off.
- 3.6** The Council was subsequently approached by Vaga in late 2022 and has been working with that organisation in order to explore other affordable housing delivery options to ensure that the terms of the Section 75 Agreement are met, in keeping with existing Planning and Housing policies. Discussions have taken place with a number of Registered Social Landlords operating in the area to explore arrangements including social rent, shared equity and mid-market rent, however, all but the shared equity arrangement proposed in this Report have been discounted due to issues in relation to the design of the flats, the property values and costs associated with maintenance and factoring.
- 3.7** In order to contribute towards the supply of affordable housing in the Lenzie area, officers propose to amend the existing Shared Equity Homes for Sale Scheme and to secure a 25% stake in each of the five affordable units at the development, with the remaining 75% stake retained by the shared equity owner. Specifically, the scheme will be amended to set aside, on a one-off basis, the income thresholds applicable to shared equity owners (currently £31,572 for a single income application and £36,834 for a multiple income application), due to the comparatively

high market values of each of the properties; and in setting aside the priority criteria set by the current Shared Equity procedures due to the development being marketed specifically towards people over 50 years in age.

- 3.8** Subject to Committee approval, this will require an exemption to the Council's Shared Equity Procedures which were approved at a meeting of this Committee on 12 March 2020 (**Report Ref. PNCA/034/20/CM**). In addition, the terms of the Section 75 Agreement reflect the shared ownership arrangement which was anticipated originally and will require to be amended to reflect the new proposal and subject to agreement with the Planning Authority.
- 3.9** Officers understand that Vaga has succeeded in attracting interest in principle for all five affordable housing units on the basis of shared equity sale. If Committee chooses to proceed on the basis of this recommended approach, on completion of the sale of each affordable housing unit the Council will receive an equity stake of 25%, at no cost, secured in the usual way by a shared equity agreement and standard security granted by the shared equity owner. Officers would note that in terms of the Council's Shared Equity Homes for Sale Scheme, the shared equity owner holds title to the property in its entirety and is responsible for the costs of factoring and maintenance for the duration of their ownership.
- 3.10** In the event that the shared equity owner wishes to sell the property, the Council has the right to purchase the property to facilitate it being maintained as affordable housing in perpetuity. It would then be for the Council to identify a new shared equity owner, which may continue to present difficulty in terms of income thresholds. The Council will be responsible for the property and any costs associated with it during any period when title is held by the Council. It should be noted, however, that the Council is not obliged to purchase the property and should it be sold on the open market (and not retained as affordable housing) the Council would receive payment in line with its equity stake.

4.0 IMPLICATIONS

The implications for the Council are as undernoted.

- 4.1** Frontline Service to Customers – none.
- 4.2** Workforce (including any significant resource implications) – none.
- 4.3** Legal Implications – as outlined in the above Report.
- 4.4** Financial Implications – it is proposed that the Council receive a 25% equity stake in each of the five affordable housing units as a planning contribution and accordingly such a stake would be at no cost. Implications should the shared equity owners decide to sell are as outlined in the above Report.
- 4.5** Procurement – none.
- 4.6** ICT – none.
- 4.7** Corporate Assets – implications should the shared equity owners decide to sell are as outlined in the above Report.

4.8 Equalities Implications – none.

4.9 Corporate Parenting – none.

4.10 Other – none.

5.0 **MANAGEMENT OF RISK**

The risks and control measures relating to this Report are as follows:-

5.1 The Section 75 Agreement will require to be amended to reflect the new proposal and subject to agreement with the Planning Authority. In-principal discussions have taken place between Officers to date and will be formalised in early course should the proposal outlined above be approved.

6.0 **IMPACT**

6.1 **ECONOMIC GROWTH & RECOVERY** – none.

6.2 **EMPLOYMENT & SKILLS** – none.

6.3 **CHILDREN & YOUNG PEOPLE** – none.

6.4 **SAFER & STRONGER COMMUNITIES** – none.

6.5 **ADULT HEALTH & WELLBEING** – none.

6.6 **OLDER ADULTS, VULNERABLE PEOPLE & CARERS** - acquiring the 25% stake of each of the 5 properties referenced in the Report will contribute to the affordable housing supply for older people in Lenzie.

6.7 **CLIMATE CHANGE** – none.

6.8 **STATUTORY DUTY** - the requested exemption to the Shared Equity Procedures and inclusion of these five properties within the Council's Shared Equity Homes for Sale Scheme will result in five more homes being available on a recognised affordable housing tenure in Lenzie, an area where there is great demand, thereby supporting the Council's statutory duty to provide affordable housing.

7.0 **POLICY CHECKLIST**

7.1 This Report has been assessed against the Policy Development Checklist and has been classified as being an operational report and not a new policy or change to an existing policy document.

8.0 **APPENDICES**

8.1 None.