

Mayor and Cabinet			
Title	Draft Response to Housing Select Committee on Low Cost Home Ownership Review including information on Gentoo Genie		
Wards	All Wards	Item No:	
Contributors	Executive Director for Customer Services		
Class	Part 1	Date:	4 December 2013

1. Purpose

- 1.1. This report includes the draft response from Mayor and Cabinet to Housing Select on their support for Low Cost Home Ownership in the borough and includes an overview of the Gentoo Genie home purchase scheme

2. Recommendation

The Mayor is recommended to:

- 2.1. Agree the response to Housing Select Committee in paragraph 6;
- 2.2. To note the information on the Gentoo Genie scheme, outlined in paragraph 5, and that officers will continue to liaise with Gentoo Genie to assess how the model might be implemented in Lewisham.

3. Referral by Housing Select Committee

- 3.1. Mayor and Cabinet considered a referral from the Housing Select Committee following their review into Low Cost Home Ownership in the borough on the 2nd October 2013. The referral stated that:

The Committee believes that all future feasibility work for the former Ladywell leisure centre site should thoroughly explore the potential to provide low cost housing.

4. Minutes of the M&C meeting on the 2nd October 2013:

Decision:

Having considered an officer report, the Mayor agreed that the Executive Director for Customer Services be asked to prepare a response and additionally advise him on the workings of the Gentoo Genie scheme in Sunderland which he believed may be pertinent to the referral.

Minutes:

The Mayor considered that the Executive Director for Customer Services would be the best person to respond to him on the points raised by the Select Committee. Additionally he indicated he had learned of the Gentoo Genie scheme in Sunderland which appeared to allow house purchasing without a deposit and he asked that this specific model also be examined as part of the response.

Having considered the officer report, the Mayor RESOLVED that the Executive Director for Customer Services be asked to prepare a response and advise him on the workings of the Gentoo Genie scheme in Sunderland.

5. Gentoo Genie

- 5.1. In addition to the response on the recommendations, more information was requested on the Gentoo Genie scheme in Sunderland.

Gentoo Group

- 5.2. The Gentoo Group are a Sunderland based housing organisation with around 30,000 properties.

Genie Genie Home Purchase Plan

- 5.3. The Gentoo Group has developed a new model of home ownership which it has branded "Gentoo Genie". The Gentoo Genie Home Purchase Plan allows applicants to acquire part or all of a home without the need for mortgage finance or a deposit.
- 5.4. Instead of the traditional deposit and mortgage arrangements for a home purchase, the Gentoo Genie model allows people to undertake a long-term structured payment plan. Through this plan monthly payments are made to Gentoo Genie every month, just as would be the case for mortgage or rent payments. However, the difference is that every payment enables them to purchase an extra "share" of their home.
- 5.5. The payment plan is flexible and is designed to enable applicants to own up to 100% of their home at the end of the agreement, without ever taking out a mortgage or being in debt.
- 5.6. The Genie Home Purchase Plan therefore offers a range of benefits:
- No mortgage required;
 - Monthly residency fee;
 - No deposit required;
 - Growing your share of ownership over time;
 - Flexibility to vary the monthly residency fee to suit your changing personal circumstances;

- Secure long-term residency;
 - Five year certainty of residency fee;
 - Rights like an owner.
- 5.7. The Plan is available on homes that Gentoo are building rather than any property on the market. Gentoo are not currently building anywhere other than their geographical area but are interested in potentially working in London.
- 5.8. A usual mortgage allows purchasers to buy 100% of their home with a loan which is paid back with interest over time. Deposits are usually required. The loan is secured against the home and if the homeowner fails to make the agreed payments, the lender can sell the home to recover their money.
- 5.9. The Genie Home Purchase Plan agrees a 30 year structured payment plan and applicants acquire a share of their home over time. There is no requirement for a deposit. The home will be registered in their name when their share reaches 100%. The purchasers rights in respect of the Genie home will be the subject of a security arrangement. They will have the same peace of mind and responsibilities as a home owner throughout the term of the agreement. If they fail to pay the monthly residency fee they could lose their accumulated share and the Genie Home Provider may sell your home.

Worked example

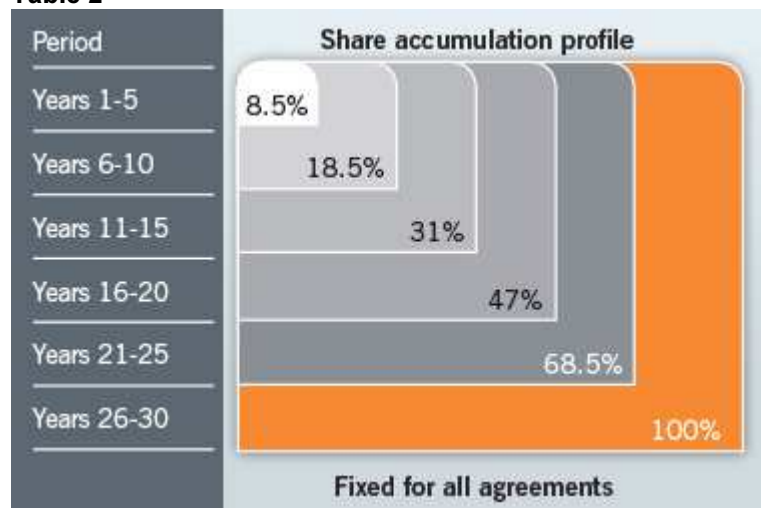
- 5.10. Mr X and Mrs Y purchased their brand new three bedroom home worth £146,500 with Genie on the 1st January 2013.
- 5.11. Every time they make a monthly payment they buy a share in the property and they know exactly what each payment and corresponding share is going to be for the first five years of the plan.
- 5.12. Years 1 – 5 would be:

Table 1		
Year	Monthly Payment	Shares acquired per year
1	700.00	1.7
2	721.00	1.7
3	742.63	1.7
4	764.91	1.7
5	787.86	1.7

- 5.13. Shortly before the end of the first 5 years of their plan, in late 2017, Genie will let them know what the fixed monthly payments will be for years 6 – 10.

- 5.14. Over the term of the agreement, there are 6 fixed periods of 5 years and at the end of the final period Mr X and Mrs Y will own 100% of their home.

Table 2



Further information for potential applicants.

- 5.15. There is a non-refundable £600 + VAT administration fee payable when a formal offer is made to the applicant for a Genie Home Purchase Plan. Applicants are responsible for their own legal fees and any independent financial advice.
- 5.16. A residency fee is payable monthly which increases annually. The amount of the residency fee is set out in a schedule which is agreed with the applicant every five years.
- 5.17. The payment of stamp duty depends on the stamp duty rules at the time. Applicants may have to, if you acquire the whole of the Genie home or extend the length of your Genie Home Purchase Plan and this is more likely to be a requirement for London purchases. The Genie Home Purchase Plan in Sunderland is designed so that applicants do not have to make a separate stamp duty payment at the outset, however this may differ for a London scheme.
- 5.18. Gentoo assesses an applicants ability to afford the monthly residency fee and recommends that independent financial advice is obtained as to the suitability of the Genie Home Purchase Plan for an individuals demands and needs.

Eligibility

- 5.19. Eligibility criteria would be agreed between any providing organisation and the local authority it is working in which would include a minimum household income. The Sunderland scheme required that applicants

be aged 18 or over and could apply solely or jointly. Any application will be subject to assessment.

Additional Requirements

- 5.20. Purchasers would take on the same responsibilities as other home owners including repairs and decoration and contents insurance.

Working in Lewisham

- 5.21. Officers have begun discussions with the Gentoo Group about the possibility of bringing the model to Lewisham. London would be a key area for the model, they think, given the level of demand in the city and the current lack of supply. Officers will continue these discussions, and more details will be available for Mayor & Cabinet consideration in due course.

6. Response to Housing Select Committee

- 6.1. Mayor and Cabinet have considered the referral by Housing Select Committee that all future feasibility work for the former Ladywell Leisure Centre site should thoroughly explore the potential to provide low cost housing. The Mayor agrees that housing of all tenures will be continue to form part of the considerations for this site and that Housing Select Committee will be kept informed by officers on the progress of discussions.

7. Finance Implications

- 7.1. This response set out above is for information only and there are no direct financial implications arising from this report. The financial implications of the individual proposals mentioned will be considered as they are taken forward for action.

8. Legal Implications

- 8.1 There are no specific legal implications, save for noting the following.
- 8.2 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.3 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.

- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

8.4 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

8.5 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

8.6 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

1. The essential guide to the public sector equality duty
2. Meeting the equality duty in policy and decision-making
3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

8.7 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

9. Crime and Disorder Implications

9.1. There are no specific crime and disorder implications.

10. Environmental Implications

10.1. There are no specific environmental implications.

11. Equality Implications

11.1. The Equality Act 2010 covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

11.2. The Council must, in the exercise of its functions, have due regard to the need to:

1. eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
2. advance equality of opportunity between people who share a protected characteristic and those who do not;
3. foster good relations between people who share a protected characteristic and those who do not;

11.3. There are no direct equalities implications arising from this report.

12. Background Documents and Report Author

12.1 There are two background documents to this report:

- Report presented to M&C on 1st May 2013 - <http://councilmeetings.lewisham.gov.uk/documents/s22264/Housing%20Select%20Committee-%20Low%20cost%20home%20ownership%20review.pdf>
- M&C Report 2nd October 2013 – <http://councilmeetings.lewisham.gov.uk/documents/s24770/Matters%20raised%20by%20the%20Housing%20Select%20Committee%20-%20low%20cost%20home%20ownership.pdf>

12.2 If you have any queries on this report, please contact Louise Spires, Strategy Policy and Development Manager on 0208 314 6649.