

Affordable Home Ownership Fee Charging

1.0 Introduction

1. The Government has introduced several initiatives targeted at First Time Buyers. This has included a number of Affordable Home Ownership (AHO) schemes where private developers build properties that can be purchased at a discount below market value, by buyers who meet certain qualifying criteria for AHO homes such as Starter Homes, First Homes and Discount Market Sale homes.

2. During the sales process of these AHO properties, the Local Authority is required to review applications from potential purchasers, along with accompanying evidence, to assess their eligibility against the agreed criteria and issue necessary approval documents confirming that the sale has been undertaken in accordance with requirements of the Section 106 (S106) agreement.

2.0 Charging a Fee

3. In the context of the significant on-going and future burden on officer time, a fee is charged to cover the legal and administrative costs incurred in relation to the process of administering the sale of AHO properties.

4. Failure to implement an appropriate fee will result in the Council picking up the cost of its administration in ensuring the delivery of AHO properties. The burden of administering these properties is in perpetuity; therefore, it is essential that an appropriate fee is levied to cover all subsequent re-sales too.

5. The Council estimates that this process takes approximately 11.2 hours for an initial sale and 13.5 hours for a resale. This is based on officer experience of processing Starter Homes and Discount Market Sales Properties.

6. A cost schedule has been prepared by Finance colleagues with input from Housing Growth and Legal Services officers. Based on the cost schedule, the following fees are proposed to be charged:

- **For initial sales = £348.73**
- **For resales = £394.79**

7. The fees set out above will be applied to all future sales, unless the S106 agreement states otherwise, to cover the costs associated with that individual sale.

8. The money will be split between Housing Growth and Legal Services in the following way:

	Housing Growth	Legal Services
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Initial Sale	£202.41	£146.32
Resale	£248.47	£146.32

9. The fee will be paid by the Seller (the developer in the first instance and the current owner for all subsequent sales). Where historic S106s state that the Buyer will pay, this will still stand.

10. Where historic S106 Agreements specify a sum in perpetuity of £250, the money will be split £103.68 to Housing Growth and £146.32 to Legal Services.

11. The Council will not issue the final Compliance Certificate until it is in receipt of the fee.

12. Fees and charges must be reviewed at least once per annum. Service Directors have authority to implement new charges and amend existing fees and charges to achieve budget targets and to account for changes in legislation and market conditions, in consultation with the appropriate Strategic Director, relevant Portfolio Holder and Chief Finance Officer.