



# HOUSING ACQUISITIONS POLICY

## Contents

1.0 Scope .....	3
2.0 Purpose .....	3
3.0 Aims and Objectives.....	3
4.0 Regulatory Code and Legal Framework.....	3
5.1 Identification of opportunity .....	3
5.2 Assessment Criteria .....	4
5.3 Marketing .....	4
5.4 Property Inspection .....	5
5.5 Management Opinion .....	5
5.6 Property Valuation.....	6
5.7 Funding .....	6
5.8 Decision .....	6
5.9 Appeals .....	7
5.10 Rent Setting .....	7
5.11 Allocation of property.....	7
5.12 Performance Monitoring.....	7
6.0 Related Policies, Procedures and Guidelines .....	7
7.0 Review .....	8
8.0 Document History and Approval.....	8

## **1.0 Scope**

This policy sets out the Council's approach to acquiring property and land. It applies to both freehold and leasehold properties, where the Council is the freeholder in the lease for less than seven years.

The policy does not cover purchase of properties under Right of First Refusal, which is set out in the Right to Buy – Right of First Refusal and Discount Repayment Policy. The policy also does not cover the use of compulsory purchase orders.

The internal process for progressing the sale and the timescales involved are set out in the Housing Acquisitions Procedure.

## **2.0 Purpose**

The policy will ensure that the Council fulfils its objectives set out in the Housing Delivery Plan to increase Council owned social housing in Broxtowe. Through implementation of the policy, the Council will ensure that all acquisitions are considered fairly and consistently.

## **3.0 Aims and Objectives**

The aims and objectives of the policy are to:

- Provide a framework to assess the viability and value for money of acquiring property and land
- Confirm the Council's approach to valuation
- Identify the funds available to acquire property and land
- Outline responsibilities of each of the teams involved

## **4.0 Regulatory Code and Legal Framework**

The relevant legislation is:

- s120 Local Government Act
- Housing (Right to Buy) (Limit on Discount) (England) Order 2012
- Local Government Act 2000

## **5.1 Identification of opportunity**

An opportunity may be identified in a variety of ways. This will include direct approaches from individuals wishing to sell their property and properties identified by officers and members. The Council will consider an acquisition opportunity from any owner, including staff members and members. All properties will be assessed using the same process and methodology irrespective of how the property was identified or who it is currently owned by. If a property is brought to the Council's attention by an external agency, such as an estate agent, no payment will be made in return for the information.

## 5.2 Assessment Criteria

Each potential property acquisition will be assessed on an individual basis, in line with the criteria set out in this policy and considering the financial implications of the acquisition and the relative merits in terms of value for money. The property must meet a need identified in the Council's Social and Affordable Housing Need Study. It is unlikely that the Council will seek to purchase a property not within the area of its current housing stock.

The following property acquisitions will be prioritised:

- A former Council owned property, or a similar property within the Council's management areas – these properties will be the most efficient to manage and maintain
- Leasehold flats where the Council is the freeholder – particularly where it results in the Council having direct control over an entire block of flats
- A property that is causing concerns in the locality – in addition to adding to the housing stock, this would also improve the area

Occasionally properties may be acquired outside of the priority acquisitions, including:

- A property which has had adaptations or is suitable for adaptations, which would meet the needs of an individual identified on the housing register – in this circumstance approval for a direct let of the property, as defined in the Allocations Policy, this will be approved by the Head of Housing.
- An existing market unit on a new build development site where this could increase or introduce affordable housing on the site to create a balanced community
- A property in a specific location that could free up land or access to land or otherwise facilitate affordable housing development

Land may be acquired where it can be demonstrated that the purchase of the land will help achieve the outcomes identified in the Housing Delivery Plan.

Priority will be given to land that will supplement the development of Council owned land, for example an area of land next to land already owned by the Council.

## 5.3 Marketing

A marketing campaign will be undertaken to encourage sellers to directly approach the Council with offers of properties and land to sell. This will include promotion in a variety of formats, including social media.

In some circumstances a seller may wish to sell their property and move into one of our Independent Living schemes. This is acceptable in accordance with the Allocations Policy. The Council will market this as an opportunity for sellers.

Depending on the level of interest, the Council may promote particular campaigns to encourage sellers to sell their property. This could include paying for removal costs if they were to move into one of the Council's Independent Living Schemes. The Council will not pay any legal costs or estate agent fees for the seller. These remain the responsibility of the seller.

**The Council may approach Estate Agents with their requirements for them to source properties in accordance with the Council's specification.**

## **5.4 Property Inspection**

**On initial enquiry the Housing Acquisitions Officer will undertake an assessment of suitability with the seller over the telephone, if at this point it is identified that the property has major non-standard fixtures and fittings such as a conservatory which are unsuitable for the council to maintain a decision will be made by the Head of Housing as whether to proceed or not with the purchase enquiry.**

A full property inspection will be undertaken by Council Officers. This will identify the work that is required for the property to meet the Council's Lettable Standard, and the relevant costs of this.

As a guide, the Council will not consider a property if they are required to spend more than 10% of the property value on additional works to bring the property up to the Council's Lettable Standard.

## **5.5 Management Opinion**

- **Housing Operations Manager** – to consider any housing management issues in the area, including anti-social behaviour.
- **Repairs and Compliancy Manager** – to assess the ongoing maintenance liability, compliancy issues and to confirm whether items can be disclaimed.
- **Income and Housing Manager** – to calculate the target rent.
- **Housing Services and Strategy Manager** – to ensure that the property meets the housing need identified in the Social and Affordable Housing Needs Study and current demand from the Housing Register. To identify any development potential.

If any concerns are raised the information will be provided to the Head of Housing to make a decision regarding if a valuation should be completed.

## **5.6 Property Valuation**

The price will be agreed between the seller and the Council. The Council will obtain an independent valuation of the property by a RICS valuer. Only in exceptional circumstances will the Council pay more for a property than it has been valued. The Council will pay the cost of the valuation.

**The Council may enter negotiations with the seller if they do not agree to the valuation. This can be up to 5% and only in exceptional circumstances.**

**If the property value exceeds £200,000, then it will be automatically rejected.**

Relevant stamp duty will be paid where applicable, and these costs will be considered by the Head of Housing when the final decision is being made.

## **5.7 Funding (Checking)**

The budget for property acquisitions will form part of the annual budget setting process and be approved by Housing Committee and Finance and Resources Committee.

The financing arrangements for the property and land acquisitions will be the responsibility of the Deputy Chief Executive and Section 151 Officer. Potential sources of funding can include revenue contributions from the Housing Revenue Account, grants from external organisations, receipts from Right to Buy sales and borrowing. Right to Buy receipts cannot be used in conjunction with Homes England Grant or Planning Subsidy such as Commuted Sums.

The Council entered into an agreement with the Government in 2012 to allow it to retain a proportion of the receipts from the sale of Council homes. Under this agreement the Council is required to spend these receipts within three years on replacement units, with these receipts forming no more than 30% of the cost of the replacement units. If these receipts are not spent on replacement properties within three years then they have to be returned to MHCLG together with interest of 4% above base rate. The effective use of this policy should reduce the likelihood of this.

Whilst the debt cap limiting the amount of borrowing that the Council can incur on capital expenditure on its housing stock has been abolished, there remains a requirement to ensure that all such borrowing is prudent, affordable and sustainable.

The Housing (Right to Buy) (Limit on Discount) (England) Order 2012 extended the Cost Floor Rule from 10 years to 15 years in relation to dwellings built or acquired by the Council. The Cost Floor Rule as amended is significant in relation to this policy as it protects the Council's investment for a period of 15 years. It means that a tenant's discount under the Right to Buy would be nil if the cost floor value is higher than the value of the property

## **5.8 Decision**

The final decision whether to acquire property or land will be made by the Head of Housing.

## 5.9 Appeals

Under legislation there is no onus on the Council to purchase a property or land following initial enquiries. Therefore, the seller does not have the right to appeal the decision of the Council. No compensation will be offered to a seller if the Council chooses not to progress with a purchase.

## 5.10 Rent Setting

The properties will be let at target rent. The rent will be set in accordance with the Rent Setting Policy.

## 5.11 Allocation of property

The property will be allocated via HomeSearch, the Council's choice based lettings scheme in accordance with the Council's Allocations Policy. In exceptional circumstances, a property may be acquired to meet the need of an applicant on the waiting list for whom the Council does not currently own a suitable property. In this circumstance approval for a direct let of the property, as defined in the Allocations Policy, will be approved by the Head of Housing.

The property will be purchased with vacant possession.

**An exception to this will be where the current tenant of the seller has been accepted as homeless and is not under occupying the property, in this circumstance approval for a direct let of the property, as defined in the Allocations Policy and this will be approved by the Head of Housing.**

A further exception will be where the seller is unable to clear the property due to illness or disability, in such cases the Council will arrange clearance and re-charge the seller for the cost of this.

## 5.12 Performance Monitoring

Property and land acquisitions will be reported to Housing Performance Group twice a year. The report will highlight the details of the property and land purchased and the impact. For example, an overview of the applicant who has moved into a property or how the land has facilitated development.

## 6.0 Related Policies, Procedures and Guidelines

This policy should be read in conjunction with the:

- Acquisitions Procedure
- Allocations Policy
- Anti-Money Laundering Policy
- Lettable Standard
- Right to Buy – Right of First Refusal and Discount Repayment Policy
- Rent Setting Policy

## 7.0 Review

The policy will be reviewed every three years, or sooner if there is a change in legislation

## 8.0 Document History and Approval

Date	Version	Committee Name
2 Feb 21	2.0	Housing