

# ACQUISITIONS POLICY

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## **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 if the lease is for less than seven years.

The policy does not cover purchase of properties under right to buy right of first refusal, the policy for this is set out in the Right to Buy – Right of 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 Acquisition 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

## **5.0 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 councillors. 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.

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## 5.1 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, will be approved by the Chief Executive in consultation with the Chair of Housing Committee at the point of final approval to purchase.
- 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. The Chief Executive in consultation with the Chair of the Housing Committee will review any offers of land made to the Council and instruct officers to investigate the purchase any of land identified.

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.

## 5.2 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.

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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.

### **5.3 Property Inspection**

A full property inspection will be completed by an officer in the Capital Works team. This inspection will identify the work that is required for the property to meet the Council's Lettable Standard. The Energy Efficiency of the property will also be considered. An Energy Performance Certificate (EPC) will be commissioned. It will also identify if additional work has been completed at the property which may make it unsuitable, this could include work that would be expensive for the Council to maintain.

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. If at initial inspection the property appears unsuitable, the information will be provided to the Chief Executive to make a decision regarding if a valuation should be completed.

### **5.4 Management Opinion**

The following officers will be asked for their opinion regarding whether a property is suitable for purchase:

- Tenancy and Estates Manager – to consider any housing management issues in the area, including anti-social behaviour
- Lettings Manager – to consult the housing register for current demand
- Repairs and Compliancy Manager – to assess the ongoing maintenance liability
- Housing Services and Strategy Manager – to ensure that the property meets the housing need identified in the Social and Affordable Housing Needs Study

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

### **5.5 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.

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## **5.6 Funding**

The budget for property acquisitions will be approved by Housing Committee and Finance and Resources Committee. All associated costs, including stamp duty and conveyance will be paid from this budget. The Chief Executive has delegated authority to approve property acquisitions within the budget identified and land acquisitions up to £500,000 in consultation with the Chair of the Housing Committee.

Properties acquisitions will be funded from the Housing Revenue Account, supplemented by funds from Right to Buy receipts. Under the Right to Buy retention agreement, the Council is required to reinvest Right to Buy receipts within three years. Receipts can be used to fund a maximum of 30% of either a new build affordable property or the purchase of an existing property offered for sale. This policy seeks to ensure that the authority is able to meet its obligations under the Right to Buy retention agreement, taking advantage of opportunities as they arise.

Right to Buy receipts cannot be used in conjunction with Homes England Grant or Planning Subsidy such as Commuted Sums.

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.

## **5.7 Decision**

The final decision whether to acquire a property or land will be made by the Chief Executive in consultation with the Chair of Housing Committee.

## **5.8 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.

## **5.9 Rent Setting**

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

## **5.10 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

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Policy, will be approved by the Chief Executive in consultation with the Chair of Housing Committee at the point of final approval to purchase.

## 5.11 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 |
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