

CABINET – 10TH MAY 2018

Report of the Overview Scrutiny Group

ITEM 9 HOUSING ACQUISITION POLICY

Purpose of Report

To consider the comments and recommendations of the Overview Scrutiny Group in relation to the approval of a Housing Acquisition Policy which sets out the Council's approach to acquiring accommodation to meet the housing needs for the Borough.

Recommendation of the Overview Scrutiny Group

That the Cabinet be informed that the Group supports the recommendations as set out in the report of the Head of Strategic and Private Sector Housing.

Reason

Having considered the report and asked questions of the Head of Strategic and Private Sector Housing on the matter, the Group concluded that it would be appropriate for the Cabinet to approve the recommendations set out in the report.

Meeting Discussion

Following questions from the Group, the Head of Strategic and Private Sector Housing provided the following responses:

- (i) The report to Cabinet set out the approach the Council would take to acquire properties in line with the scheme of delegation as well as the arrangements approved by the Chair of the Scrutiny Management Board to exempt individual decisions from call in, which should protect the Council from any major risks. There was a risk that by taking the acquisition of each property through the governance procedure each time it could result in properties being lost due to the length of time taken and the tight timescales involved in purchasing properties. That was why the policy included delegated authority rights for the Head of Service, to eliminate that risk.
- (ii) The Group was assured that the Council would look to acquire properties which met the housing need and would not purchase properties simply to spend the money. There was felt to be enough suitable properties on the market across the Borough that there would not be a problem in operating the policy.
- (iii) A Right to Buy discount would still exist on the properties purchased as the tenants in situ would be eligible for the right to buy scheme. However this would not become available for a period of 15 years. This meant there was a

risk that properties could be lost due to right to buy in the longer term but it was dependent on the circumstances of the tenants living there.

- (iv) The Council was trying to meet the housing need by linking every part of the service to maximise delivery of housing stock to meet the housing need. This included the purchase of properties, the opportunity to buy back previously sold properties and bringing empty homes back into use. The Council was also working on negotiating the level of affordable homes through planning applications as well as looking at properties being gifted to the Council in circumstances where no Registered Provider could be found. This was the case where 5 homes had been gifted and there was the possibility of 26 more homes on another site becoming available. Developers and partner organisations were also approaching the Council to help assist in providing accommodation and their options were being considered.
- (v) 2 and 3 bedroom properties were identified as being the most in demand properties, from the information taken from the housing register. Houses and bungalows were seen as better investments as flats would require service charges to be paid which could be costly. It was also dependent on the expenditure needed to bring the properties up to the liveable standard.
- (vi) The affordable housing need in the Borough was highlighted as a concern. The Group was advised that there were measures in place to meet this need where possible, for example using the section 106 agreements through the planning system to provide affordable housing but it was not always possible to meet the target. The level of affordable housing need would be revised as part of the preparation of the Council's next local plan.
- (vii) The money being spent on the purchase of properties was financed from the Right to Buy receipts and the HRA (Housing Revenue Account) rather than through borrowing. It was seen as a good investment and a good use for the money given the low investment rate returns.
- (viii) Some suggestions such as buying properties with a leaseholder or buying back properties when available were put forward and the Group was advised that all options were being considered but getting value for money and obtaining the maximum number of properties were the most important objectives.
- (ix) The Council currently had funding available to buy properties and engage more with developers. For example being given first refusal on one site to purchase properties at market value.
- (x) The Government policy of an annual rent reduction would end in 2020. Social housing rents would increase by 1% per annum and was fixed for a 10 year period. The Group queried whether the increased money received could be

used to purchase properties but was advised that it would correct the deficit created by the previous rent reduction rate. The Group was advised that this information would be clarified following the meeting*.

*Note: The Head of Strategic and Private Sector Housing afterwards clarified that in October 2017 the Government announced that Social Housing rents would rise by the Consumer Price Index plus 1 per cent from 2020 to 2025.

Policy Justification and Previous Decisions

Scrutiny Committee Procedure 11.12 sets out the procedure by which a report of a scrutiny committee should be considered by the Cabinet.

Implementation Timetable including Future Decisions and Scrutiny

The information on this in the Cabinet report is not affected by the recommendation of the Overview Scrutiny Group.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no further financial implications associated with the recommendation of the Overview Scrutiny Group.

Risk Management

There are no specific risks associated with the recommendation of the Overview Scrutiny Group.

Key Decision:	Yes
Background Paper:	Overview Scrutiny Group Minute 109 2017/18, 8th May 2018
Officer to contact:	Nadia Ansari Democratic Services Officer (01509) 634502 nadia.ansari@charnwood.gov.uk