

**ANGUS COUNCIL**

**COMMUNITIES COMMITTEE – 17 APRIL 2018**

**DISPOSAL & BUY BACK FOR MAJORITY SHARE**

**REPORT BY HEAD OF COMMUNITIES**

**ABSTRACT**

This report seeks approval for Angus Council to undertake a proactive programme of selling council owned units which become void in multi tenure blocks where we are a minority owner and recycling the funds to buy back ex council units where we can take back a majority share or to facilitate regeneration activity.

**1. RECOMMENDATIONS**

It is recommended that the Committee:

- (i) Agrees to the proposals of a disposal and buy-back programme, as detailed in **Appendix 1**.
- (ii) Agrees that to initiate the programme, £10,000 is identified from the Affordable Housing Account.
- (iii) Delegates authority to the Service Leader- Housing, to approve the purchase and disposal of suitable properties.

**2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN**

This report contributes to the following local outcomes contained within the Angus Local Outcomes Improvement Plan and Locality Plans:

- A reduced carbon footprint
- Safe, secure, vibrant and sustainable communities

**3. BACKGROUND**

The Local Housing Strategy (LHS) 2017-22 sets out how the Council and partners will continue to deliver our vision 'to create places that people are proud to call home'. The vision will be achieved through a set of outcomes that encapsulate the positive housing related improvements we are seeking to achieve. They reflect local priorities and national policy objectives and provide clear strategic direction for the LHS 2017-22. This proposal contributes to outcomes 1 and 3:

- The supply and availability of good quality, affordable housing is improved
- The quality and energy efficiency of all housing stock is improved and we contribute towards targets to reduce CO2 emissions in Angus

**4. CURRENT POSITION**

- 4.1 Angus Council continues to operate an open market acquisition scheme whereby properties are purchased on the open market. 5 properties were purchased in 2014/15, 8 properties were purchased in 2015/16 and 13 properties were purchased in 2016/17. The open market acquisition scheme is now primarily used for housing applicants where complex adaptations are required and current housing stock is not available to meet their needs.

- 4.2 There are currently 2,744 applicants on the Common Housing Register (CHR). Evidence from the CHR shows significant demand for smaller properties with 64% of waiting list applicants requiring a one-bedroom home. There is little appetite from developers to build smaller homes and the demand and limited supply of 1 bed properties is impacting on the availability of suitable and affordable housing options for single people in Angus and impacting on the council's ability to meet its statutory obligations for homeless households.
- 4.3 Angus Council owns and manages over 7,700 properties, comprising 3,114 houses and 4,608 flats. Around 50% of these are over 50 years old. Around 16% (1,235 units) are over 70 years old which suggests that substantial investment is required to maintain or replace properties that exist beyond their natural lifespan. The Council is committed to making best use of its assets, however there are a number of challenges linked to investment requirements, particularly when it comes to mixed tenure blocks and the need to secure participation from the owners of private sector homes. The Scottish Housing Quality Standard (SHQS) is the Scottish Government's principal measure of housing quality in Scotland. The SHQS is a set of five broad housing criteria which must all be met if the property is to pass SHQS. There are around 600 council homes in Angus that do not yet meet the Scottish Housing Quality Standard as they are in the abeyance/exemption category, where the main reasons were the refusal of improvement works by customers and being unable to secure an owner's agreement to participate in common works in multi tenure blocks
- 4.4 The Energy Efficiency Standard in Social Housing, (ESSH) supersedes the SHQS energy efficiency element from 2015 and seeks to help reduce energy consumption and fuel poverty and contribute toward the national target to reduce carbon emissions by 42% by 2020. The Council is working to obtain Energy Performance Certificates (EPC) for all properties to identify stock levels not meeting ESSH standard. At present just over 69% achieve a pass rate with a further 28% of properties already identified as requiring specific improvements to achieve ESSH. The council is committed to ensure ESSH compliance by 2020.

## **5. PROPOSALS**

- 5.1 It is proposed that the HRA disposes of units that cannot meet the needs of our business in the future, because they are surplus to requirements, because either it is not viable to improve them to the SHQS or ESSH, or they form a minority share in multi-tenure blocks. In parallel, it is proposed that funds are re-cycled to allow the buy back of ex council units where we can take back a majority share, or to facilitate regeneration activity.
- 5.2 Angus Council will only consider purchasing properties which meet the following conditions:
- The property is a former council property and brings us back into majority ownership in that block
  - The seller must have made (or be prepared to make) their own arrangements for rehousing and does not have a current application for housing on the Common Housing Register (CHR)
- 5.3 Angus Council will also consider:
- If the property will feature in our future housing investment programme
  - How much it would cost to bring the property up to the Scottish Housing Quality Standard
- 5.4 Angus Council will only consider selling properties which meet the following conditions:
- The property is a current void
  - The property is within a multi tenure block where the council has a minority share; or
  - The asset is unpopular and surplus to requirements

## **6. FINANCIAL IMPLICATIONS**

- 6.1 It is proposed that capital raised from the disposal of council units would be recycled and used to buy back ex council units. To initiate the programme, it is proposed that Angus Council initially identifies and sells 5 units that become void in multi tenure blocks where the Council is

the minority owner. Accounting for the sale outlays and any maintenance and repairs costs to prepare the properties for sale, it is proposed that £10,000 is identified from the Affordable Housing Account to cover the outlays for these sales.

- 6.2 Considering recent Open Market Acquisitions of ex council units, the expected total cost, including legal outlays, would be in the region of £63,136 per unit. For every property disposed of and with Scottish Government grant funding of £30,000 Angus Council would be able to bring back 1.5 units. So for 10 properties sold, 15 properties could potentially be brought back into council ownership.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices: Appendix 1 – Disposal & Buy Back Full Proposal