

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 18 NOVEMBER 2014

OPEN MARKET ACQUISITION SCHEME

REPORT BY HEAD OF PLANNING AND PLACE

ABSTRACT

This Report seeks approval to purchase properties on the open market to increase the Council's housing stock.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) agrees to proposals for an Open Market Acquisition Scheme to purchase properties when there is unused capacity within funding resources to increase the Council's housing stock and address current housing need in Angus;
- (ii) agrees that purchases and related costs will be funded from an appropriate funding source to be identified from within existing resources on an ongoing basis.
- (iii) delegates authority to the Head of Planning and Place to approve the purchase of properties which meet the Council's criteria and can be accommodated within existing resources.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Our communities are developed in a sustainable manner

3. BACKGROUND

- 3.1. Members will be aware that affordable housing in Angus is under significant pressure. There are 3,227 applicants on the Council's waiting list (as at 1 October 2014); from a stock of 7,776 properties, 974 became available for let in 2013/14. Given the high demand for affordable houses, and in particular in specific areas, the Council has sought to increase the supply of high quality affordable housing, primarily through its new build programme which delivered 71 homes last year
- 3.2. Statistics published by the Scottish Government show that levels of new build construction are increasing across Scotland, indicating that the housing market may be recovering. However, the number of new homes being constructed in Angus remains lower than we estimate is required to meet housing need and demand and we continue to face challenges in delivering affordable housing such as securing suitable land. The RSL sector also reports continued issues accessing development finance which is likely to constrain development opportunities for our partners. The combination of these factors mean the Council must explore a range of opportunities to increase the supply of affordable housing.
- 3.3. This proposal suggests members consider purchasing properties 'second hand' on the open market. There is an opportunity to allocate Scottish Grant monies towards each purchase thereby reducing the funding required from the Housing Revenue Account (HRA) Capital Programme or the Affordable Housing Revenue Account (AHRA).

4. CURRENT POSITION

- 4.1. The Council currently has no scheme in place to purchase residential properties on the open market.

5. PROPOSALS

- 5.1. The Open Market Acquisition Scheme proposes purchasing homes from sellers to increase the Council's housing stock. The Council will only consider purchasing properties which meet its criteria including:
- The type, size, quality and location of the property is in line with identified requirements;
 - The property is being actively marketed for sale;
 - The seller has a valid Home Report; and
 - The seller does not appear on the Common Housing Register.
- 5.2. In selecting properties the Council will prioritise ex-Right to Buy homes. This minimises future management or maintenance issues as homes will be of a similar type and layout to existing stock. The Council may consider purchasing non-Council stock where the property has been identified to meet the particular needs of a household which cannot be met through existing stock and the length of time taken to deliver solutions through the alternative route of new-build is causing significant issues for an individual and / or their family.
- 5.3. Once identified, properties will be surveyed by the Council's Estates Team to provide a valuation. Purchase offers will be based on the valuation provided and the Council will not enter into negotiations with sellers.
- 5.4. It is proposed that up to five properties will be purchased by March 2015. Members will receive updates on the schemes activity.
- 5.5. The acquired properties will be considered "new supply social housing" and as such under Section 61F of the 2010 Housing (Scotland) Act, the Right to Buy will not apply to future tenants.

6. FINANCIAL IMPLICATIONS

- 6.1. The cost of purchasing and bringing up to standard, any property acquired through the scheme will be met within existing resources and identified within the Housing Capital Expenditure Plan 2014-18.
- 6.2. Initial discussions have taken place with the Scottish Government and it has been confirmed that the aims of scheme fall within the affordable housing delivery guidelines and Resource Planning Assumption spending allocations. This will enable the Council to direct Scottish Government Grant funding toward the purchase of homes to a limit of £30,000 per property for those bought under £100,000 and £35,000 for those bought over £100,000.
- 6.3. The existing HRA Financial Plan contains an allowance for open market acquisition and will be updated to reflect Scottish Government available funding at its next review.

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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