

Report of Director of Environment and Housing

Report to Executive Board

Date: 15 July 2015

Subject: Council Housing Growth Programme - Private Sector Acquisitions

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Executive Board has previously approved the development of an investment programme to deliver new council housing. The programme is being delivered through a number of new build projects, the acquisition of long term empty properties and includes the option for the Council to purchase properties from the private sector where the location of the properties fit the strategic requirements of the growth programme. This could be through off the shelf or off plan properties from developers, the purchase of long term empty properties or the purchase of former Right to Buy properties offered to the Council by their owner.
2. This report updates Executive Board on progress to date in the delivery of the Council Housing Growth Programme and describes the development of the acquisitions programme as a strand of delivery for new council housing. It recommends that Executive Board agree the approach as part of the wider housing growth programme as a tool for accelerating growth and providing a mix of tenures within neighbourhoods

Recommendations

Executive Board is requested to:

1. Note the progress made in the delivery of the Council Housing Growth Programme;
2. Approve the approach to acquisitions in support of the programme to be implemented by the Director of Environment and Housing

3. Approve the revision of the Right of First Refusal policy to be implemented by the Director of Environment and Housing

1 Purpose of this report

- 1.1 The purpose of this report is to provide an update on the delivery of the Council Housing Growth Programme including through acquisitions from private owners or developers and to seek approval for a revision to the Right of First Refusal Policy.

2 Background information

- 2.1 In aspiring to be the 'best city in the UK', the Leeds Core Strategy takes forward the housing elements of the Vision for Leeds and the corporate objectives reflected in City Priority Plans and the Best Council Plan. The Housing Growth 'break through' project will support the ambitions of the Core Strategy to ensure there is sufficient housing, including affordable housing, to meet the need of the of the Leeds community.
- 2.2 The Council Housing Growth Programme is a component of the "Housing Growth and Jobs" Breakthrough project and is delivered through the Housing Growth Team. Resources totalling £99.37m for new build council housing and acquisitions together with £42m to support the council housing new build within the Little London and Beeston Hill and Holbeck PFI have been made available through the Housing Revenue Account to deliver a total programme of c1000 new council houses. To date a total of 206 new council homes have been built or are in development through the following routes:
- 2.3 Through the new build programme, 157 new build properties have either been completed or are in development through the following schemes:
 - Beeston Hill & Holbeck PFI – 62 houses handed over
 - East Park Road, Burmantofts – 32 apartments – on site
 - Haworth Court, Yeadon – 45 unit extra care scheme – on site
 - The Squinting Cat former public house, Swarcliffe – 18 apartments – Contract awarded and awaiting a start on site date
- 2.4 Through the empty homes programme 20 long term empty properties have been acquired and brought back into use and 2 former community centres have been converted back into 6 family homes.
- 2.5 The acquisition of 23 new builds properties at Gipton in in delivery and has proven to be a quick and cost effective route through which growth can be delivered.
- 2.6 The other sites within the programme, set out in detail in the March 2015 report to Executive Board, are in the process of design development and the finalisation of procurement routes. Updates on progress will be provided for future meetings of the Board.

3 Main issues

- 3.1 Purchasing properties for private owners can support the strategic direction of the programme which includes: identifying areas where there is demand for council housing but where the council lacks land for development; opportunities to

support a mix of tenures within neighbourhoods; schemes which offer good value for money and opportunities to unlock growth on larger sites.

3.2 A number of options to increase council housing stock by way of acquisition have been identified. They are:

- Purchasing from developers
- Purchasing of long term empty homes
- Purchasing properties bought from the council through the Right to Buy via the Right of First Refusal

3.3 These are effective ways of increasing council housing stock, particularly through off plan acquisitions where units can be delivered quickly and represent value for money particularly as there is an opportunity to negotiate the price.

3.4 In identifying opportunities for acquisition the following criteria have been applied:

- Sites have been selected in areas where council house stock is low and data shows high demand pressures for council housing;
- Sites have been selected that are to be built within the next five years and beyond; and
- Mix of properties but particularly 2 and 3 bed family housing.

3.5 Once units have been purchased, properties are let as council homes to applicants on the Leeds Homes Register.

3.6 There continues to be an ambition to maximise growth and expand the city's stock of council housing. Executive Board approved a report in March which set out a series of requests to central government to allow further financial freedoms and flexibilities in respect of the receipts from Right to Buy sales to support this ambition. This flexibility is in the context of the broader devolution discussions and the outcome of this approach will be reported to a future meeting.

Acquisitions to date:

3.7 Thus far the acquisition of sites has been to unlock problematic sites. Thorn Walk in Gipton had stood idle for several years. The Council's intervention to acquire 23 of the 51 dwellings being built enables the full site to be built out as well as supporting housing growth. Of the 23 dwellings, 18 have been completed and let and the remaining units are on track to be acquired by the Council in June 2015. This not only allowed the council to increase its stock in the area, but supported housing growth more generally by enabling the development of the wider site as part of a mixed tenure scheme.

3.8 The second acquired site is the former Lord Cardigan public house in Bramley which was demolished as part of Leeds City Council's Derelict and Nuisance Property Programme in 2012. The Council's intervention will see 8 properties built to the Leeds Standard. There will be a flexible 2 bedroom layout allowing for ease of conversion to 3 bedrooms and will provide a solution to this site. It is anticipated that the site will be available for letting from January 2016.

3.9 Future new build site search

3.10 In future site searches will look at sites where demand for council housing exceeds supply particularly in locations where the council lacks land or where schemes represent a cost effective way of increasing stock. A focus will be on

areas where there is a strong disparity between demand and supply of council housing.

- 3.11 A systematic analysis of new schemes submitted for planning will inform this process and identify opportunities to unlock wider growth ambitions through the Council's investment.

3.12 The HCA Empty Homes Programmes

3.13 The 2014 - 2015 empty homes programme

- 3.14 In June 2013 Leeds City Council secured funding from the Homes and Communities Agency (HCA) to help bring former council houses that were now long empty properties back into use as Council homes. To qualify as a long term empty, a property has to have been vacant for six months. The aims of the project were to:

- purchase 20 long term empty properties, arrange refurbishment works and let as council housing; and
- convert two former community centres back into residential properties and let as council housing – Alston Lane Community Centre and Wyther Park Community House.

- 3.15 The 2014 – 2015 project proved to be very successful. The Council purchased 20 long term empty properties across 12 wards and completed the two conversions, which delivered six properties in a further two wards, on time and within the allocated budget.

3.16 The 2015 – 2018 empty homes programme:

- 3.17 A further bid for HCA funding was made under the 2015-2018 Affordable Housing Programme. The Council was successful in securing £2m HCA grant supported by £7m HRA funding to purchase 100 long empty properties to be refurbished and let as council housing.

- 3.18 Given the scale of the 2015-18 programme, to deliver 100 long term empty properties, the Director of Environment and Housing approved a decision to procure a valuation and conveyance contractor so as not to impact on the service delivery of internal services. Capita has recently been awarded a contract to undertake property valuations and conveyance.

- 3.19 To date, for the 2015 – 2018 schemes, one long term empty home has been purchased, a two bedroom house at 60 Asket Avenue, Seacroft. Over 300 letters have been issued to owners of long term empties which were formerly council houses, making an offer to buy back their property. In addition there is work ongoing to convert an empty former community centre into two council houses in the Chapel Allerton ward.

In addition to this work on empty properties, the Council will continue to use its powers to purchase defective and/or empty properties where there is nuisance and a negative impact on communities from such properties. Such cases will need a viable business case to be approved before a decision to purchase is taken.

3.20 The Right of First Refusal

- 3.21 Another route to acquire dwellings is to purchase former Right to Buy properties, that are offered to the Council under Right of First Refusal (RoFR) policy.
- 3.22 Under Right to Buy (RTB) legislation, the RoFR provides that anyone who bought their Council home under the RTB after August 2005 and then decided to sell it, must first offer it to the Council. As long as the Council acts within prescribed timescales it can buy the property at the market value.
- 3.23 The Council's Repurchase Policy was last reviewed in July 2013, and sets out the criteria under which decisions on repurchasing former council houses will be taken. Within the policy the Council commits to consider each request on its individual merits. The headline criteria within the current policy are outlined below:
- size and type of a property – properties will only be considered if it is in demand and can be easily let;
 - value for money – a property must be able to recoup the initial capital outlay through rental income within 30 years;
 - status of property / individuals – the property must be a former council home and consideration will be given to special circumstances such as cases where there are medical grounds or to prevent homelessness;
 - finance - there are resources available to buy the property; and
 - exclusions – properties which are deemed to be of defective construction under the provision of the Housing Defects Act 1984 will not be considered and generally, properties of non-traditional construction will not be considered.
- 3.24 The Council Housing Growth Programme Board has to date prioritised the purchase of long term empty homes; however the RoFR provides an additional opportunity to accelerate growth.

Updating the Repurchase Policy

- 3.25 Under the RoFR legislation 647 properties were offered back to the Council in the six years between 2007 and April 2014 and 78 were offered back during 2014 – 2015. Of these 38 would have been rejected either because they were not purpose built former council properties or due to their construction or property type.
- 3.26 The scope of the Repurchase Policy has been recently reviewed to more closely reflect the strategic aims of the Council Housing Growth Programme. The revisions seek to further refine the criteria above to prioritise properties:
- located in specific areas where council house stock is low and demand for council housing is high;
 - that are most in demand under the Leeds Homes Register in terms of their property type and size, for example 2 bedroom houses; and
 - properties where the investment can be recouped within 20 years.
 - located within regeneration areas or forming part of wider estate management initiatives

- In exceptional circumstances it may be that the Council will wish to purchase a defective property where there is little chance of the property achieving a sale and is likely to remain empty and become a nuisance.

3.27 Refining the criteria in this way will support the decision making process with the acquisitions programme to ensure that only properties in highest demand are considered for acquisition in respect of property type, size and location, allowing the budget for council house growth to be targeted and maximised.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Consultation has taken place with ward members on the acquisitions programme and this will continue as the programme is further developed.

4.2 Equality and Diversity / Cohesion and Integration

An equality screening has been undertaken for the Council House Growth Programme. The main outcomes of the screening were that the delivery of Affordable Housing through this programme could have positive implications for Equality groups those are economically disadvantaged. The screening form is attached as an appendix.

The potential impact of the Programme for a range of equality groups and the number of separate elements it contains, suggest that there will be a need for project specific screening exercises to be carried out to ensure that equality issues can be addressed for each element.

4.3 Council policies and the Best Council Plan

4.3.1 The Housing Growth and Jobs programme contributes to Objective 2 of the Best Council Plan - Promoting sustainable and inclusive economic growth.

4.4 Resources and value for money

4.4.1 Funding for the acquisitions will come from the Housing Revenue Account including a contribution from the Right to Buy Replacement Programme.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Legal Services have confirmed that there are no legal issues with the proposals on acquisitions.

4.5.2 Legal Services have also confirmed that the proposals around RoFR are within the legal powers of the Council. They have recommended that the revised policy should specifically refer to s.156A Housing Act 1985 so as to restrict activity to our legal powers but that it would be sensible to develop a policy around priorities and key criteria on which to make decisions.

4.6 Risk Management

There are no direct risks associated with the proposals in this report. Through the delivery of the Housing Growth and Jobs Breakthrough Project and its component programmes and projects, risk is pro-actively managed and overseen by the Council Housing Growth Board in relation to the specific proposals within this

report. Overall governance and strategic direction for the Housing Growth and Jobs project is provided by an Elected Members Steering Group.

5 Conclusions

- 5.1 The Council Housing Growth Programme seeks to maximise the amount of new housing delivered within the city and increase council house stock available for letting to council tenants on the Leeds Homes Register. The council uses various routes to deliver this investment to identify schemes which meet the strategic aims of the programme to meet needs, provide timely delivery and ensure value for money.

6 Recommendations

- 6.1 Executive Board is requested to:

1. Note the progress made in the delivery of the Council Housing Growth Programme;
2. Approve the approach to acquisitions in support of the programme to be implemented by the Director of Environment and Housing
3. Approve the revision of the Right of First Refusal policy to be implemented by the Director of Environment and Housing

7 Background documents¹

None required.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.