

**Report of: Head of Housing Partnerships and Housing Growth.**

**Report to: Director of Environment and Housing**

**Date: 12 October 2016**

**Subject: Council House Growth programme - Purchase of properties under the Council Repurchase Policy, using 30% Right to Buy receipts.**

**Scheme Number: 16692/EH3/LCC**

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**

The Executive Board have previously approved a programme of investment to deliver a comprehensive programme of new build housing, acquisitions and bringing properties back into use using a mixture of Housing Revenue Account (HRA) funding, Right to Buy receipts and HCA grant funding.

The resources available to fund the Council Housing Growth programme currently stands at £112m with authority to spend of £58.2m.

The Council House Growth programme includes an allocation £2m for the purchase of former LCC properties offered back to the Council by their owners. The allocation is made up of HRA capital resources £1.4m and resources from Right to Buy (RTB) receipts £0.6m.

The aim is to bring back at least 20 properties back into Council housing stock across the city.

### **Recommendation**

The Director of Environments and Housing is requested to authorise expenditure of £2m on the acquisition and refurbishment of properties that fit within the terms of the Repurchase Policy, offered to the Council by the owners. They will then be let to families on the Leeds Homes Register.

## **1 Purpose of this report**

This report will provide the Director of Environment and Housing detail on the purchase of former Council homes project as part of the overall Council Housing Growth programme and seeks authority to spend £2m to bring at least 20 properties back into Council housing use across the city.

## **2 Background information**

- 2.1 In July 2013 the Council set up the Council House Growth Programme which included an element for the acquisition and refurbishment of homes in line with the Council's repurchase policy. As part of the Government's one for one replacement of sold socially rented properties the council is allowed to retain and utilise receipts from the Right to Buy. The receipts could be used for Council new build, acquisitions of newly built properties directly from the builder or purchase of properties under the Council's repurchase policy.
- 2.2 In June 2014 the Executive Board approved proposals from the Director of Environment and Housing to increase investment to support the Council Housing Growth programme.
- 2.3 Included within the proposals was the HRA funding required to deliver one for one replacement of Council homes utilising RTB receipts.

## **3 Main issues**

- 3.1 The rules of use of the RTB receipts mean that the Council can allocate 30% to the purchase cost of a property as long as it is not currently social housing.
- 3.2 The Right of First Refusal regulations within the RTB legislation means that the Council has a steady stream of offers to purchase properties that were formerly Council owned and let. It is therefore felt that an allocation of funds to a buy back scheme will help stretch the HRA capital budget and utilise RTB receipts.
- 3.3 The Council approved the Repurchase Policy (July 2015), which set out the circumstances for purchasing non council owned properties. The policy allows officers to purchase former council homes as long as they meet the strategic needs of the Council and allows the purchase of properties that are not former council owned as long as they are in regeneration areas of the city.
- 3.4 The Principal Regeneration Officer – Council Housing Growth is responsible for the project management of the scheme. The Empty Homes Project Group will identify properties that meet the strategic needs of the Council and give initial approval before any purchase is pursued.

3.5 The £2m budget for the project includes the purchase price, valuation, negotiation fee, conveyancing costs and the refurbishment work required to bring the properties to the Council's letting standard.

3.6 Once refurbished the properties will be let as secure tenancies to applicants on the Leeds Homes Register, contributing to meeting the housing demand across the city.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.2 The Council Housing Growth Programme Board, Chaired by the Director of Environments and Housing will manage delivery of the overall programme and will develop a communication and consultation plan for each scheme as part of the development process.

4.3 As part of this process consultation will be undertaken with the Executive Member for Communities, local ward Members and interested partners.

### **4.4 Equality and Diversity / Cohesion and Integration**

4.4.1 An equality screening exercise has been undertaken for the Council Housing 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 who are economically disadvantaged.

### **4.5 Council policies and the Best Council Plan**

4.5.1 The project seeks to address priorities in the City Priority Plan by providing affordable housing. It supports the objective of Good Economic Growth set out in the Best Council Plan by providing low cost housing as the city grows. It also directly contributes to the aim of reducing the number of empty homes in the city.

### **4.6 Resources and value for money**

4.6.1 The total costs for this scheme equates to £2m. Leeds City Council will utilise £1.4m of HRA resources along with £0.6m of RTB receipts. The tables below summarises the overall funding for the scheme:

<b>Fund source</b>	<b>Amount</b>
Leeds City Council HRA	£1.4m
RTB receipts (30% of the purchase price for each property)	£0.6m
<b>Total</b>	<b>£2m</b>

### Capital Funding and Cashflow

<b>Previous total Authority to Spend on this scheme</b>	<b>TOTAL</b> £000's	<b>TO MARCH</b> 2016 £000's	<b>FORECAST</b>			
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
LAND (1)	0.0					
NEWBUILD PROGRAMME	46270.6	11563.3	21084.2	13623.1		
EMPTY HOMES PH1&2	11253.0	4380.5	3440.0	3432.5		
RTB GRANT PROGRAMME	724.0	181.0	543.0			
OTHER COSTS (7)	0.0					
<b>TOTALS</b>	<b>58247.6</b>	<b>16124.8</b>	<b>25067.2</b>	<b>17055.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Authority to Spend required for this Approval</b>	<b>TOTAL</b> £000's	<b>TO MARCH</b> 2014 £000's	<b>FORECAST</b>			
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
LAND (1)	0.0					
NEWBUILD PROGRAMME	0.0					
EMPTY HOMES PH1&2	0.0		?	?	?	
RTB GRANT PROGRAMME	0.0					
OTHER COSTS (7)	0.0					
<b>TOTALS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total overall Funding (As per latest Capital Programme)</b>	<b>TOTAL</b> £000's	<b>TO MARCH</b> 2014 £000's	<b>FORECAST</b>			
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
HRA Capital Resources	32370.0	10295.6	19720.1	2354.3		
Section 106	3391.9	1482.9	1409.0	500.0		
Government Grant	12202.0	1870.7	4997.3	5334.0		
RTB Capital Receipts	30000.0	2475.6	7240.6	7468.7	12815.1	
Departmental Borrowing	34000.0		4052.6	29947.4	0.0	
<b>Total Funding</b>	<b>111963.9</b>	<b>16124.8</b>	<b>37419.6</b>	<b>45604.4</b>	<b>12815.1</b>	<b>0.0</b>
<b>Balance / Shortfall =</b>	<b>53716.3</b>	<b>0.0</b>	<b>12352.4</b>	<b>28548.8</b>	<b>12815.1</b>	<b>0.0</b>

There are no revenue implications within this programme.

## **4.7 Legal Implications, access to information and call-in**

- 4.7.1 The proposal is a key decision and open to Call In based on the funding regime shown in the Resources section of this report.

## **4.8 Risk management**

All risks within the project will be managed through the project team reporting on the risk register of the Council Housing Growth Board.

## **5 Conclusions**

- 5.1 The Council's Executive Board has injected £112m to into the capital programme to carry out investment in Council Housing Growth with current authority to spend to date of £58.2m.
- 5.2 The purchase scheme will seek to bring at least 20 properties into the Council's housing stock and will have a budget of £2m made up of £1.4m HRA capital resources and £0.6m retained RTB receipts.

## **6 Recommendations**

- 6.1 The Director of Environments and Housing is requested to authorise expenditure of £2m on the acquisition and refurbishment of properties that fit within the terms of the Repurchase Policy, offered to the Council by the owners. They will then be let to families on the Leeds Homes Register.

## **7 Background documents<sup>1</sup>**

- 7.1 None.

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<sup>1</sup> 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.