



Report for:	<b>Housing and Communities Overview and Scrutiny Committee</b>
Date of meeting:	<b>4th March 2020</b>
Part:	<b>Part I</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Housing Revenue Account Business Plan Annual Review 2019/20</b>
Contact:	Margaret Griffiths, Portfolio Holder Housing Fiona Williamson, Assistant Director Housing
Purpose of report:	To review the new HRA Strategic Acquisitions Policy
Recommendations	<ol style="list-style-type: none"> <li>1. That the Committee note the purpose and application of the policy</li> <li>2. That the Committee note the delegated authority for decision making in respect of acquisitions.</li> </ol>
Corporate Objectives:	<p>The Strategic acquisition policy contributes to following corporate objectives:</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Building Strong and vibrant communities</p>
Implications:	<p><u>Financial</u></p> <p>All acquisitions will be subject to a viability assessment and will only be undertaken if there is capacity within the business plan and available budget.</p>
'Value For Money Implications'	<p><u>Value for money</u></p> <p>Any acquisition under consideration will be subject to a value for money assessment in respect of net present value and/or future use value to make sure that it contributes positively to the housing asset base.</p>
Risk Implications	The housing risk register presented to members on a quarterly basis will take the impact of the new policy into consideration.
Equalities Implications	A Community Impact Assessment has been undertaken and is attached in Appendix B
Health And Safety	Acquired properties will be required to adhere to all statutory

Implications	provisions that are required for the management of social housing and will be brought up to the appropriate standard prior to letting.
Consultees:	Corporate Management Team Fiona Jump – Group Manager Financial Services David Barrett – Group Manager Housing Development Natasha Beresford, Group Manager Strategic Housing Alan Mortimer, Group Manager Property and Place Layna Warden, Group Manager Tenants and Leaseholders Richard Rice, Group Manager Commercial Assets and Property Development Adrianna Livingstone, Valuation and Estates Team Leader Ben Hosier, Group Manager, Procurement & Contracted Services
Background papers or appendices	Appendix A 1 and 2 A1 The HRA Strategic Acquisitions policy A2 Community Impact Assessment
Glossary of acronyms and any other abbreviations used in this report:	Housing Revenue Account (HRA) Temporary Accommodation (TA)

## 1. Introduction

- 1.1 Following the implementation of self-financing in 2012, the Housing Revenue Account business plan has been developed to ensure that the investment in existing stock and the development of new homes remains viable. There is provision within the plan for the acquisition of land for new build purposes. It has been identified that there are other opportunities to acquire properties, subject to defined criteria, to increase the portfolio of affordable social homes. Additionally the demand for temporary accommodation (TA) for homeless applicants has continued to rise and therefore there may be instances where properties offered for sale on the open market could be suitable for use as TA.
- 1.2 The acquisitions policy has been developed to set out and inform members, officers and other interested parties, as to the principles, by which, the Councils housing service will acquire land and property.

## 2. Scope of Policy

- 2.1 The policy has been developed to enable the housing service to consider the strategic acquisitions of property or land to meet the ongoing demand for properties let at social rent within the borough and for the provision of temporary accommodation.
- 2.2 The Housing Service includes Housing Revenue Account (HRA) activity: as a landlord to tenanted properties; as freeholder to leasehold properties; general fund activity; as an authority with statutory duties to allocate social homes, provide housing advice, administer the provisions of the Homelessness Reduction Act; provide temporary accommodation; and licence and regulate the Private Rented Sector.

- 2.3 The policy scope covers all acquisitions potentially undertaken by the housing service for all areas of the service outlined above. The accountancy and financial rules for these functions are separate, and therefore the appropriate decision-making frameworks will be applied.

### **3. Housing Revenue Account Acquisitions**

- 3.1 The existing covenants on all properties, which the Council sells under right to buy, allows for the properties to be offered back to the Council at the point of the first ongoing open market sale (indeed for the first ten years after purchase it is a requirement to offer it to the Council). Historically under the subsidy system the Council did not have sufficient available capital to be able to consider purchasing properties and these were offered to registered providers (Housing Associations), who operate in the borough.
- 3.2 The increasing build costs for new homes and the high price of land within the borough now mean that it is possible to purchase some property from the open market for less than the cost to build. With increasing pressures on land availability and no foreseeable reductions in build costs, the acquisition policy will enable the Council to consider supplementing the new build programme with acquisitions.
- 3.3 Additionally a slowing of the private market sector has resulted in some developers looking to offer additional units on a site for affordable rents. Currently these are being offered to registered providers who have the ability and policies in place to increase their portfolios through the acquisition of S106 properties, which subject to the appropriate business case and viability assessment may be of interest to the Council.

### **4. General Fund (Housing Service) Acquisitions**

- 4.1 The acquisitions policy covers purchasing of property for use as temporary accommodation and is not designed to cover the acquisition of commercial or community assets, which are administered by the corporate estates team.
- 4.2 The Council has governance structures in place to acquire assets into the General Fund. The housing service may request that acquisitions are considered by the General Fund, where the acquisition will have a strategic benefit for the housing service (for example, in order to increase temporary accommodation stock).

### **5. Recommendation**

- 5.1 The recommendation is that the Committee note the purpose and approach of the new policy and Community Impact Assessment, as set out in Appendices A, 1 and 2.