



Acquisitions Policy

Housing Service

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Approved	
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1. Scope of policy

- 1.1 The purpose of this Acquisitions Policy is to set out for the Council's Housing Service a clear framework for decision-making, which it will apply when considering opportunities to:
- acquire property;
 - acquire land.
- 1.2 This policy sits within the Housing Service, and while it will be referenced in order to influence financial decisions, this is not a finance policy.
- 1.3 The Housing Service includes Housing Revenue Account (HRA) activity (as a landlord to tenanted properties, and a freeholder to leasehold properties), as well as general fund activity (as an authority with statutory duties to allocate social homes, provide housing advice, administer homeless cases, and provide temporary accommodation). The accountancy and financial rules for these functions are separate, and therefore different decision-making frameworks are applied.
- 1.4 The legislation that gives the HRA 'first refusal' to buy-back certain properties previously sold under the Right to Buy will be specifically addressed, as this presents a need for the Council to understand when it will turn down, as well as take up, acquisition opportunities.
- 1.5 The framework for decision-making will consider whether each opportunity adds sufficient value to merit the required capital investment, based on:
- current service plan objectives,
 - future strategic development plans.

2. Legislation

2.1 Right to buy

The Right to Buy scheme was introduced by the Housing Act 1980 and amended by the Housing Act 1985. Under part five of the Housing Act 1985 secure tenants were permitted to buy their homes (with some exceptions) from their local authority landlord.

The Housing Act 2004, which came into force in 2005, made several significant changes to the Right to Buy scheme, including extending the qualifying period for a tenant wishing to purchase their home from two to five years. The period during which a property could not be sold without the owner paying back a proportion of their discount was also increased from three to five years.

The Housing Act 2004 also introduced a requirement for owners wishing to sell their property, within ten years of purchasing under Right to Buy, to offer the property back to the Council before placing it on the open market. The Housing (Right of First Refusal) (England) Regulations 2005 set out the procedures owners wishing to sell their property are required to follow (see appendices 1 - 3 for more details).

2.2 Land acquisition

The Local Government Act 1972 section 120 empowers a local authority to acquire land both inside and outside its boundaries.

Local Government Act 2003 section 12 empowers a local authority to invest if the purpose is relevant to its functions and consistent with the prudent management of its financial affairs.

3. Acquisition criteria

3.1 Acquisitions by the HRA

The Council acting in its capacities under the HRA will apply set criteria in considering:

- opportunities to take up its Right to First Refusal and acquire a property previously sold under Right to Buy; and
- other options for acquiring assets or land.

These criteria are:

- a) Housing need and demand has been established for the type of asset being offered and the area in which it is located ***and***
- b) The cost of any refurbishment work required to bring the asset up to the Council's Lettable Standard (or other relevant minimum standard) is financially viable ***and***
- c) Capital funds have been identified and are available for this purpose ***or***
- d) The purchase of the asset would free up land or enable access to a site suitable for the development of housing that is consistent with the development plans of the HRA.

3.2 Acquisitions by the General Fund

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).

4. Financial considerations

4.1 This policy is not a financial policy and all decisions to acquire property or land will have to have financial approval through the appropriate decision-making arrangements.

4.2 The HRA has a Business Plan, reviewed annually, and which will need to be referenced when identifying capital for HRA acquisitions.

4.3 In the case of an acquisition made by the HRA through the Right to First Refusal, the cost of any works required to bring the asset up to the Council's Lettable Standard would be deducted from the sum the Council would pay to acquire the property (this sum is worked out by a standard calculation, see appendix 2).

4.4 The Council must have available funds to purchase an asset. In any cases of any joint ventures considered by the General Fund, proposals will receive additional scrutiny to ensure the Council is not being exposed to financial risk.

5. Equality and Diversity

- 5.1 We will ensure that this policy is applied fairly and consistently to all our customers. We will not directly or indirectly discriminate against any person or group of people because of their race, religion, age, gender, marital status, sexual orientation, disability or any other grounds set out in our Equality and Diversity policy.
- 5.2 This policy and any other related publications of Dacorum Borough Council are available on request in other formats (e.g. in an alternative language, in Braille, on tape, in large type).

6. Review of policy

This policy will be reviewed every two years or sooner if necessary and following consultation with tenants.

Appendix 1

Right of First Refusal for properties sold under the Right to Buy

- 1.1 All properties sold under the Right to Buy (freehold and leasehold) since 18 January 2005 are bounded by the covenant the 'Right of First Refusal'. If the owner wishes to sell their property within 10 years of purchase they must first offer the property back to their former landlord (the Council).
- 1.2 The owner wishing to sell the property must submit an Offer Notice to the Council which should:
 - a. Be in writing
 - b. State the wish to sell the property, giving its full postal address
 - c. State that there is a covenant requiring the property to be offered first to the Council
 - d. Specify whether the property is a house, a flat or maisonette;
 - Specify the number of bedrooms
 - Give details of the heating system
 - Specify any improvements or structural changes which have been made since purchase
- 1.3 The Council will send an acknowledgement of receipt within 5 working days. This acknowledgement will specify the date on which the Offer Notice was received and give more details regarding the Right of First Refusal.
- 1.4 If the Council wishes to accept the offer it will confirm this to the owner within 8 weeks of receipt of the Offer Notice, and by issuing a written Acceptance Notice. The Council will ask its nominated valuer to value the property, which must be agreed between both parties. If no agreement can be made the value will be determined by the District Valuer.
- 1.5 If an offer to purchase the property is made by the Council a binding contract must be entered into with the owner:
 - No later than 12 weeks after the date on which the Acceptance Notice is served on the owner or
 - No later than 4 weeks after receipt of written confirmation from the owner that they are ready to complete (*whichever is later*)
- 1.6 For Dacorum Borough Council the *Group Manager - Property and Place* will decide whether:
 - a) The Council wishes to accept the offer and purchase the property;
 - b) The property should be offered to another nominated housing association in the area for purchase; or
 - c) The offer should be rejected.
- 1.7 If the nominated housing association wishes to accept the offer, they must state this in writing.
- 1.8 If the Council (or any nominated housing association) do not wish to accept the offer then a Rejection Notice will be served as soon as possible. If the Council has not served an Acceptance Notice or Rejection Notice within 8 weeks of the receipt of the Offer Notice the owner may proceed with selling the property as they see fit.
- 1.9 If a period of 12 months expires and the owner has not sold the property and then subsequently wishes to do so they must serve a fresh Offer Notice to the Council.

Appendix 2

Re-payment of discounts offered through the Right to Buy

1.1 Calculating the discount as a percentage of the re-sale value

If a property is being re-sold within 5 years of the Right to Buy purchase, then the original percentage discount is used to work out a new re-sale discount value to be re-paid (disregarding the value of any improvements).

1.2 Percentage of discount total to be repaid

The owner will be required to pay back a percentage of the discount based on a sliding scale (see table below).

Property sold after 1 year	100% discount must be re-paid
Property sold during second year	80% of discount must be re-paid
Property sold during third year	60% of discount must be repaid
Property sold during fourth year	40% of discount must be re-paid
Property sold during fifth year	20% of discount must be re-paid
Property sold after five years	No repayment of discount required

1.3 Example

A property was bought through the Right to Buy for £60,000, with a value of £100,000, and therefore had a 40% discount applied (£40,000). This property was then re-sold after 18 months for £120,000.

40% of £120,000 is £48,000. As the owner is in the second year after purchase, they would repay 80% of £48,000 (£38,400).

1.4 Exemptions

Certain sales of transfers are exempt from the requirement to re-pay discount e.g. transfers between certain family members. In addition if the owner would face hardship by having to repay the discount, and their circumstances justify it, the Council may decide not to ask them to pay some or all of what they owe.

Appendix 3

Appeals procedure for decisions made regarding First Refusal of Right to Buy properties

- 1.1 Appeals must be received within 28 days of the decision letter.
- 1.2 Where the appeal is in respect of how the policy and procedure have been applied the Property and Place Group Manager will investigate the matter and respond.
- 1.3 Appeals against decisions will be considered by the Assistant Director - Housing whose decision is final.