

<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 16 July 2024
<b>Subject:</b>	Buy Back & Acquisitions Policy & Procedures 2024 - 2028	
<b>Report of</b>	Cabinet Member for Housing Services	

## 1.0 Summary

- 1.1 This report presents a summary of the Buy Back & Acquisitions Policy & Procedures, which will support the Council to purchase residential dwellings in private ownership and convert them into social and affordable housing, to help meet housing needs in the borough and reduce homelessness.
- 1.2 The implementation of this policy will give the Council the opportunity to expand its housing portfolio, maximise rental income and take a more proactive and consistent approach to property acquisition. It will ensure that all transactions deliver value for money and meet the Council's strategic objectives.
- 1.3 Members are invited to review the report and associated policy and procedures (Appendix 1) and approve the recommendations.

## 2.0 Recommendation(s)

That the Cabinet:

- 2.1 Adopt the Buy Back & Acquisitions Policy & Procedures.
- 2.2 To note that in line with the constitution the approval of all acquisitions with a value up to £250,000 in association with this policy will be delegated to the Executive Director of Finance, in conjunction with the Director of Housing. Acquisitions with a value in excess of £250,000 will require Cabinet approval in accordance with the Council's constitution.

## 3.0 Reasons for recommendation(s)

- 3.1 There is a continuing shortage of social and affordable housing in the borough and this policy will help to address the deficit. It provides a legislative framework to support a range of property acquisitions under a single procedure, to ensure a consistent approach across the Council. This will enable effective governance, resource planning and monitoring.

## 4.0 Alternative options considered and rejected

- 4.1 Do nothing: This option has been rejected as the Council would not have a reliable framework in place for the acquisition of residential property.
- 4.2 Update the Council's Right to Buy, Buy Back Policy 2016: This option has been rejected as this policy dealt exclusively with the re-purchase of property

that had previously been sold under the Right to Buy legislation, and did not make provision for the broader range of acquisitions detailed within the new policy.

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**5.0 Background**

- 5.1 Social and affordable housing plays a vital role in meeting the housing needs of low income and vulnerable residents by offering them secure and affordable accommodation. Under current legislation, the Council has a statutory duty to provide suitable accommodation to households in priority need.
- 5.2 Over the last 40 years, there has been a significant decline in social housing, leaving millions of people homeless or trapped in insecure, unaffordable private rented homes. Since 1991, there has been a national average annual net loss of 24,000 social rented homes.
- 5.3 The Right to Buy Scheme (RTB) has been a principal factor in the reduction of social housing both nationally and locally. There are no indications at present that this scheme will be revised or cancelled and, as such, the supply and delivery of new social housing remains exposed to the application of RTB. The table below illustrates the number of homes lost through RTB sales in the borough between 2018 and 2023:

Note:

Year	Number of sales
2018/19	55
2019/20	62
2020/21	28
2021/22	46
2022/23	58
<i>Total</i>	<i>249</i>

*Sales in 2021 - 2022 were suppressed by the Covid-19 pandemic*

**6.0 Policy Overview**

6.1 The Buy Back & Acquisitions Policy & Procedures replaces the Council's Right to Buy, Buy Back Policy 2016 which is

obsolete. The new policy incorporates the principles of the former policy but, has a much broader remit focussed on increasing the supply of social and affordable housing, to help meet housing need in the borough. It sets out a formal approach with appropriate guidelines for:

- the re-purchase of properties previously sold under the Right to Buy legislation,
- the acquisition of long-term empty properties in the borough,
- procurement of existing housing in private ownership that meets the needs of specific client groups and,
- New-build housing on private developments.

6.2 Properties acquired under this policy will be added to the housing stock and allocated to eligible applicants on the Council's housing waiting lists at a social or affordable rent (up to 80% of market rent and capped at Local Housing Allowance rates where appropriate unless otherwise agreed), to maximise rental income and ensure affordability. Rental income will be paid into the Housing Revenue Account (HRA) where appropriate.

## **7.0 Statute**

7.1 The Council's key statutory powers for the acquisition of property in private ownership are contained within the Housing Act 1985, Local Government Act 1972, Local Government Act 2000 and the Housing (Right of First Refusal) (England) regulations 2005.

## **8.0 Funding**

8.1 Property acquired under this policy can be funded through RTB capital receipts, revenue income and/or prudential borrowing from the HRA, accumulated commuted sums from section 106 planning agreements (where available), grant subsidy where applicable or, a combination of these funding streams where permitted, and/or other funding sources which may be available from time to time.

8.2 The financial resources available to support this policy may be dependent on the capacity of the HRA and, will be considered within the overall capital budget.

## **9.0 Financial Considerations and Risk**

9.1 The Council will consider acquiring property where it is deemed to be financially viable and offers sustainable, strategic and social benefits to both the Council and wider community. All potential acquisitions will be subject to a land registry search to confirm ownership and ensure there are no outstanding legal charges that cannot be discharged during the conveyancing process and pre-acquisition suitability assessment, prior to undertaking a robust financial appraisal. The appraisal will take into account the gross purchase and refurbishment costs, compared to maintenance liabilities and the net revenue income from future rents and service charges (where applicable). Each appraisal will be approved by Finance prior to a decision being made.

9.2 Properties acquired under this policy whether new build or existing dwellings may be subject to the RTB scheme, unless they were acquired outside the

HRA or, exempt. The application of the cost floor rule offers some protection to the Council as it could, potentially, reduce the RTB discount amount – see Appendix 3 and 5 (Buy Back & Acquisitions Policy & Procedures).

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### **Links with the Corporate Priorities:**

1. The 'Let's do it Strategy' focuses on building a better future for residents, promoting inclusion and improving the environment. This policy supports the overarching principles of the strategy as it will help increase the housing stock and promote choice, to meet the needs of Bury residents including those with specific housing requirements:

**Housing solutions** – delivery of affordable housing to help address imbalance and increase capacity to meet the housing needs of Bury residents.

**Growth** – expanding the Council's housing portfolio to aid delivery of the Bury Housing Strategy and promote economic growth.

**Inclusion** – improved housing offer to increase choice and opportunity for residents.

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### **Equality Impact and Considerations:**

2. A full EqIA has been completed and is included as an appendix to this report. Positive impacts for some characteristics have been identified with some potential negative impacts for other characteristics. Negative impacts have been fully mitigated therefore the overall assessment is neutral.
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### **Environmental Impact and Considerations:**

3. Properties purchased under this policy will be refurbished to 'Decent Homes Standards' which will help improve housing conditions and remove blight associated with long-term empty properties. This standard is currently under review. It is anticipated that the revised standard will be aligned to the Government's environmental policies to achieve sustainable housing solutions.
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### **Assessment and Mitigation of Risk:**

<b>Risk / opportunity</b>	<b>Mitigation</b>
Property acquired under this policy (whether new build or existing dwellings) may be eligible for RTB.	The application of the cost floor rule offers some protection as it could, potentially, reduce the RTB discount amount (see Policy, Appendix 5).

	Some properties are exempt from RTB including those that are particularly suitable for occupation by the elderly, physically disabled, mentally ill or intellectually disabled people (see Policy, Appendix 3).
The timing and frequency of potential acquisitions is beyond the Council's control which limits scope for budgeting.	A business case will be developed for each acquisition, to determine the availability of funding and financial viability at any given time.
Delayed decision making and process may result in aborted sale costs.	A robust financial appraisal will be undertaken when a suitable property is identified, to determine viability and productivity of the projected investment to enable prompt decision making.
Failed sales e.g. owners changing their minds/gazumping, resulting in a waste of time/resources and abortive sale costs.	This is beyond the Council's control. However, owners that genuinely want to sell their properties are unlikely to change their minds as the Council is offering market value for acquisitions.

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### **Legal Implications:**

Housing authorities are required to secure accommodation for applicants who have a priority need for accommodation (s193(2) Housing Act 1996). Interim accommodation must also be secured for applicants whom they believe may be homeless, eligible for assistance and have a priority need (s188(1) Housing Act 1996).

A local housing authority may provide housing accommodation by erecting houses, converting buildings into houses on land acquired for such purposes, or by acquiring houses (Part II of the Housing Act 1985). Under the legislation the housing authority may alter, enlarge, repair, or improve a house so erected, converted or acquired.

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### **Financial Implications:**

The policy clearly sets out affordability as a key criteria for any buy back arrangement being approved. In that case the impact on the Council's Housing Revenue Account of any buy back arrangement should be positive. The finance team are involved in the viability appraisal for each proposed buy back and examine all available funding at the time and propose the most financially beneficial option.

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### **Appendices:**

Appendix 1 - *Buy Back & Acquisitions Policy & Procedures 2024 – 2028*

**Background papers:**

*None*

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

<b>Term</b>	<b>Meaning</b>
Right to Buy scheme	A Government scheme that gives tenants of local authorities a legal right to buy their homes at a substantial discount.
Affordable housing	Broad term used to describe a collection of government schemes where properties are offered at below market value, either for sale or rent. It includes social rented housing and shared ownership.
Social housing	Social housing is a sub-set of affordable housing where rents are intrinsically linked to local incomes.