



TOWNS AND COMMUNITIES OVERVIEW AND SCRUTINY SUB-COMMITTEE 28 February 2018

Subject Heading:

**HOUSING SCHEME FOR THE BUY-BACK
OF EX-COUNCIL PROPERTIES**

SLT Lead:

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Policy context:

Havering - Making a Greater London
2017: Communities and Places. London
Borough of Havering's Housing Strategy

SUMMARY

This report provides an update on the decision taken at Cabinet on 23 September 2015 to instigate a scheme for the repurchase of ex Council properties sold through the Right to Buy (RTB) programme.

RECOMMENDATIONS

Members are asked to review the report and note its content.

REPORT DETAIL

The scheme approved by Cabinet in September 2015 was designed to maximise the opportunity to use retained right to buy receipts, in conjunction with HRA resources and increase the available rented stock.

The Council is allowed to retain 30% of RTB receipts and utilise these for the provision of new social housing units, which includes the re-purchase of ex Council units sold via the RTB legislation. This is managed, via the GLA, through an

agreement with the Department of Housing, Communities and Local Government. It should be noted if this money is not used within a 3 year period the Council has to return the accrued sums at an interest rate of 4% per annum. Consequently using the funds for buy backs negates the risk of incurring the interest.

The scheme in question is only used to acquire ex Council dwellings and the type of accommodation is driven by the information from activity associated with the Housing Register.

The acquisition of ex Council properties offers a number of benefits, as part of a wider programme to deliver increases in housing units, including:

- Supporting the sustainability of the HRA through replenishment of stock and replacement of rental income lost through RTB sales,
- Management and maintenance arrangements are already in place for such properties and in many instances the properties are leasehold with the council as freeholder.
- It allowed for quicker application of RTB receipts to increase stock holdings when compared to new build schemes, which supports the maximum application of RTB receipts within allowable timescales.

It has also assists in mitigating the general fund pressures on temporary housing accommodation by increasing the supply of affordable housing.

- The dwellings are normally offered at a reduction to the local market due to their location.

The scheme was launched with an initial mail shot to relevant properties, which produced some interest but was a limited. In order to maintain the scheme officers monitor the housing market to see if any ex council stock being sold and we would then make contact. The Council is well placed as a prospective purchaser as we are effectively a cash buyer. With the commencement of the extensive consultation around the regeneration programme we have greater interest and success. The offer to residents is enhanced as part of the programme to acquire these units.

Since the scheme commenced the Council has acquired 61 of properties, in the main flats and maisonettes, primarily two and three bedroom in flatted arrangements. This is the highest need pressure associated with housing demand.

Average costs of units acquired are £277k and we have utilised £5m of RTB receipts. If the Council had to hand back RTB receipts the interest costs to the Council would have been £206k without any tangible outcome for local residents. Details are set out in table one below.

Table One

	Number Purchased	Total Costs	HRA	RTB Receipts
2016-17	26	£7.325m	£5.039m	£2.285m
<i>Average outcomes</i>		<i>£282k/unit</i>	<i>£194k/unit</i>	<i>£88k/unit</i>
2017-18	35	£9.580m	£6.706m	£2.874m
<i>Average outcomes</i>		<i>£273k/unit</i>	<i>£192k/unit</i>	<i>£82k/unit</i>

The scheme has continued to provide additional units either as replacement units or short life accommodation on estates identified for regeneration. Short life removes need for bed and breakfast and negates a potential pressure of approximately £1.62m per year.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising from this report.

Legal implications and risks:

There are no legal implications arising from this report.

Human Resources implications and risks:

There are no HR implications arising directly as a result of this report.

Equalities implications and risks:

There are no equalities implications arising from this report.

BACKGROUND PAPERS

None