



**Strategic Acquisitions policy
(Incorporating Right- to- buy Buyback
and Discount Repayment).**

Version Control

Version	Amendments	By/ date	Approved by/ date
November 2016	First draft	Cathy Abraham 22/11/16	

Circulation and availability

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1. Introduction

1.1 This policy sets out Flintshire Council's (the Council) approach to the strategic acquisition of properties including buyback of properties previously sold under Right to Buy (RTB) and other strategic stock acquisitions

2. Purpose

2.1 The purpose of this policy is to set out the Council's approach in respect of the strategic acquisition of properties and / or buy- back of properties previously sold under Right to Buy, the policy aims to:

- Maximize the supply of affordable housing within Flintshire
- Define the criteria the Council will use when considering to purchase or buyback a property
- Comply with current legislation and regulatory requirements
- Provide a clear statement of the service standards to which the Council will work

3. Scope

3.1 The policy applies to the purchase of any property or land that once acquired would provide strategic benefit as outlined within the policy. In addition the policy applies to all properties sold by Flintshire Council under Right to Buy since 18 January 2005 (when new legislation came into effect).

4. Legislation and Guidance

- Housing Act 1980 and amended by the Housing Act 1985 part five
- The Housing Act 2004
- The Housing (Right of first refusal) (Wales) Regulations 2005
- Community and Local Government, Reinvigorating Right to Buy and One for One Replacement

5. The Policy

5.1 Buy back and strategic acquisition criteria

The Council's decision to make use of its right to buy back a property when offered by a former tenant or to take up the option of purchasing a property as a strategic acquisition will be determined by the following factors:

- The property is situated amongst existing Flintshire Council housing stock or an area where Flintshire have a strategic interest
- Property is in an area that has low property values but high demand

- There is a specific housing need for the type of property that is being offered or made available as established by unmet demand
- Whether to property provides a more suitable re housing option for a specific community or customer group e.g. elderly, vulnerable, disabled, young people
- The current proposals within Social Housing and Regeneration Programme (SHARP)
- Whether the purchase of the property would provide a quicker and more cost effective option that Flintshire commissioned new build
- Whether a purchase of the property would free up land or enable access to a site suitable for development of affordable housing
- Whether the property is of similar lay out / design as existing stock with similar ongoing repair and maintenance obligations
- Address a serious issue of blight, crime or anti-social behaviour within a neighborhood where the council has other asset responsibilities

A property requirement may be identified through a business planning process or asset management review. Once a requirement has been identified, a strategic outline business case for the acquisition must be prepared by the XXX. This will set out the rationale, background, policy context and strategic fit for the requirement. The strategic case should clearly state the corporate objectives that are to be delivered and the economic, social or environmental benefits. The level of detail required will be reflected by the value of the potential acquisition but must clearly evidence why the purchase offers a sound financial investment.

Unless there are exceptional circumstances, the Council will only acquire land or property for the purposes set out above and after consideration of the financial implications below

5.3 Financial considerations

The financial resources available to implement this policy will be dependent on the ability of the HRA Business Plan to fund any acquisitions and being able to clearly demonstrate that the buyback or acquisition represents value for money going forward. In addition the following factors will be considered as part of the decision making process:

- Funds available to acquire properties as receipts used from RTB may only finance up to 25% of the cost of re-purchasing former council homes. *Local Authorities (Capital Finance and Accounting) Wales Regulations 2003*
- The purchase price of the property taking into consideration repair or improvement costs to bring to up to a lettable standard and any repayment of RTB discount (*The cost of works to make the property lettable may have a negative impact on the final purchase price agreed*)
- Payback period on investment taking into consideration rent that could be charged on the purchased property (not more than 30 years)

Properties will be considered on a case-by-case basis and any decision to purchase or buy back a property will be subject to approval by the Chief Officer.

5.1 Processing Buyback Claims

In accordance with the 'Right of First Refusal', the Council places covenants on all properties sold that requires any owner intending to sell their property within 10 years of purchase from the Council (since 18 January 2005) they must first offer the property back to the Council.

The owner wishing to sell the property must submit an Offer Notice in writing to the Council, which should include the full address and specifics of the property such as its size, the type of heating system and improvements that have been made since its purchase from the Council.

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.

In accordance with the criteria set out in 5.2 the Chief Officer will decide whether the Council accepts the offer and purchase the property. If the Council wishes to accept the offer it will confirm this to the owner within 8 weeks of receipt of the Offer Notice. The Council will ask its nominated valuer to value the property. This must be agreed between both parties. If no agreement can be made the value will be determined by the District Valuer. Acceptance of the offer will be carried out in writing through the issuing of an Acceptance Notice.

If the Council does not wish to accept the offer 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.

If after a period of 12 months the owner has not sold the property and still intends to do so they must serve a fresh Offer Notice to the Council first.

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)

5.4 Re-payment of discounts

Should an application for the Council to buy back the property be made within five years of completion in accordance with the Housing Act 2004 the owner will be required to pay back a percentage of the discount applied on a sliding scale (see table below).

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

The amount of discount to be repaid if a property is sold within five years of purchase will be a percentage of the resale value of the property, disregarding the value of any improvement.

For example,

If the property was valued at £100,000 at the time it was bought from the Council, with a discount of £20,000 that means that the discount was 20 per cent.

If the property is valued at £150,000 when it is intended to be sold within the second year of purchase, the purchaser will have to repay £24,000 (20 per cent of £150,000 x 80 percent).

Certain shares or transfers are exempt from the requirement to repay discount, e.g. transfers between certain family members. The Council will re-consider the need to repay the full discount if doing so will cause the household financial hardship.

If in advance of the purchase, or within the discount repayment period, RTB applicants enter into an agreement to transfer the property to a third party in the future, then this will trigger repayment of the discount. Discount repayment is triggered from the date that the agreement is entered. So, for example, if the purchaser entered into such an agreement before the property was bought or during the first year after buying, the owner of the property will have to repay the full amount of discount received.

6.0 Appeals

Appeals must be received within 28 calendar days of the decision letter. Where the appeal is in respect of how the policy has been applied the matter will be investigated in accordance with the Councils Complaints Policy.

Appeals against decisions will be considered by the Chief Officer whose decision is final.

7.0 Role, Responsibilities and Authority

The Chief Officer will retain the overall responsibility for the implementation of this policy.

The Service manager Council Housing is responsible for the operational delivery of this policy and the associated procedures and has the responsibility for ensuring that this policy complies with Regulatory and Legislative requirements.

All staff involved are responsible for implementing this policy.

8.0 Monitoring, Review and Evaluation

The Chief Officer will be responsible for monitoring the financial impact on the HRA business plan and asset base.

This policy will be reviewed annually to ensure compliance with legal and regulatory requirements.

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