

The Highland Council
Community Services Committee
6 November 2014

Agenda Item	22
Report No	COM 48/14

Policy on Individual Property Purchase

Report by the Director of Community Services

Summary

This report presents a policy covering situations where the Council may wish to purchase individual properties on the open market to meet local housing needs.

1. Background

- 1.1 The Council aims to meet housing needs within existing stock by allocating Council housing to people in the greatest housing need through the Highland Housing Register.
- 1.2 We recognise that demand for housing far exceeds supply in many areas, and for that reason the Council has prioritised increasing housing supply through Council house building and enabling housing development by Housing Associations.
- 1.3 In some communities there are particular housing pressures which are not able to be met within the housing development programme. On occasions these very local housing needs could potentially be met through the Council buying existing housing to add to its housing stock. Over the last year the Council has purchased 2 properties on this basis. Where purchases have taken place they have been at open market value.
- 1.4 This report is intended to set out a clear policy covering individual property purchase to guide officers and Members in relation to situations where we may wish to consider purchasing an individual property to meet housing needs. The draft policy is set out at **Appendix 1**.

2. Current Arrangements

- 2.1 Housing need and demand are assessed as part of the Local Housing Strategy process. The Council has a new house building programme and also supports wider housing development through Housing Associations and other providers. The Council's Housing Development Programme is funded through Scottish Government grant; prudential borrowing for new Council house building; the Council's Landbank Fund; and income from Council tax on second / holiday homes.
- 2.2 The housing development programme is prioritised to areas with the greatest housing needs. Housing need is measured partly through information on

housing supply and demand through the Highland Housing Register, but is periodically assessed in more detail through a formal housing need and demand assessment, which looks at the demographics, housing costs and affordability. The housing need and demand assessment gives an indication of the proportion of people who require affordable housing.

- 2.3 Mainly because of constraints on development there are some high pressure communities where there are no new houses planned in the current development programme. Individual house purchases provide one means of addressing very local housing needs in these areas.
- 2.4 Under the Council's Scheme of Delegation the Head of Property Partnerships currently has delegated powers to "*acquire property or land to a value of £150k using HRA funding for the delivery of new Council housing, subject to consultation with Ward Members*". This power is intended to facilitate site assembly in relation to the development programme rather than buying individual properties, although occasionally it has been used to purchase individual properties.
- 2.5 Proposals for individual property purchase have also been reported to Committee for approval. These have related to specific property purchases to meet particular needs, mainly relating to housing applicants with a need for adapted property that could not otherwise have been provided.
- 2.6 Separately the Council has agreed a process that allows individual property purchases in relation to the Temporary Accommodation project. In these cases each purchase is subject to consultation with Ward Members, and funded through savings on the general fund revenue budget for homeless accommodation.

3. Policy Proposals

- 3.1 **Appendix 1** presents a draft policy on individual property purchases. The policy sets out the circumstances in which individual property purchases will be considered, how priority communities will be selected and the criteria to be applied in purchases.
- 3.2 It is recommended that individual purchases should be based on the financial limits set out in the Scheme of Delegation, with purchases approved by the Head of Property Partnerships if below the financial limit, or by the Community Services Committee if above the limit. Purchases will be subject to consultation with Ward Members. An annual report will be provided with details of all property purchased under the policy and recommending priority communities for the following year.

4. Implications

- 4.1 Resource: Funding for individual property purchase utilises housing development grant and prudential borrowing that would otherwise be available to increase new supply. There will be very low volumes of property purchase

arising from this policy, so overall new supply is unlikely to be affected. There will be additional costs in relation to surveying and conveyancing, which will be met within existing revenue budgets.

- 4.2 Legal: The council will be responsible for the range of legal duties in relation to conveyancing and future housing management.
- 4.3 Equalities: The policy should provide an additional housing option for people with very acute housing needs.
- 4.4 Climate Change/Carbon Clever: there are no specific implications.
- 4.6 Risk: There is a risk that a policy on property purchases will affect local housing markets, sellers' behaviours and reduce the opportunities for local people to access home ownership. The policy has been designed to minimise the impact on local housing markets, and is targeted at meeting very specific local needs.
- 4.7 Gaelic: there are no implications
- 4.8 Rural: The policy may address very local housing needs in pressured rural communities

Recommendation

The Committee is invited to approve the policy on individual property purchases set out in **Appendix 1**.

Designation: Director of Community Services

Date: 23 October 2014

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Appendix 1

Policy on Individual Property Purchase

- 1 The Council should consider individual property purchase in the following circumstances:

Housing Need: There is a recognised acute housing need that we cannot meet locally within existing stock or through a planned development programme— e.g. significant medical needs that require specific housing solutions that cannot be met within existing stock.

Value for Money: It can be demonstrated that the HRA capital costs for acquisition and improvement can be met through the rental stream of the property without a negative impact on the Housing Revenue Account.

Temporary Accommodation Project: The property will be used to contribute to the Temporary Accommodation project – i.e. it will result in a reduction in the use of private sector accommodation for temporary accommodation.

- 2 In relation to the assessment of acute housing need, reference should be made to detailed housing need and demand assessment data. We measure housing pressure at a community level using the ratio of demand to turnover. For example if there were 25 applicants for housing in a community and we re-let 5 houses on average a year the housing pressure would be 5 (25 divided by 5).
- 3 For the purposes of this policy it is recommended that housing need condition should be based on a threshold of housing pressure of 9. This would be reviewed annually based on figures for the previous 3 years. Based on 3 year figures to 2013/14, rural communities assessed as highly pressured for the purposes of this policy during 2014/15 are:

Carrbridge	Ballachulish	Marybank
Newtonmore	Glenfinnan	Maryburgh
Farr	Spean Bridge	Rural Nairn
Balmacara	Glenelg	Plockton
Waternish	Scourie	Loch Ness South
Beaully	Fort Augustus	Mallaig
Auldearn	Carbost	

- 4 It is recognised that on occasions there may be exceptional cases, or particular needs in relation to specific property sizes. Area Community Services Managers will have discretion to recommend individual purchases in communities below the housing pressure threshold. In these circumstances purchases would be subject to consultation with Ward Members and the approval of the Director of Community Services, and purchased under delegated powers by the Head of Property Partnerships or approved by Committee depending on the purchase price.

- 5 Purchase should only be considered where there are no housing development projects in the community within the Strategic Housing Investment Plan.
- 6 It is important that the Council is not influencing local housing markets or the actions of property owners in making decisions about individual property purchases. The Council should only consider purchasing property:
 - currently being advertised for sale on the open market;
 - where there is an up to date Home Buyer's report;
 - where the owner has made their own arrangements for rehousing;
 - where the property is of a type and size that is not available within the local stock; or is needed as part of the Temporary Accommodation Project;
 - there is someone in high housing need on the Highland Housing Register with a need for the type and size of house for sale.
- 7 In conducting property purchases the Council:
 - will not pay above the current market value for any individual property;
 - should act as "any other buyer", and officers should not meet with a seller or estate agent in order to influence price or other conditions;
 - will not meet any aspect of sellers costs for any purchase.
- 8 Individual purchases should be based on the financial limits set out in the Scheme of Delegation, with purchases approved by the Head of Property Partnerships if below the financial limit, or by the Community Services Committee if above the limit. Individual purchase will be subject to consultation with Ward Members. An annual report will be provided with details of all property purchased under the policy and on priority communities for the year ahead.
9. Properties purchased under this policy will become part of the Council's mainstream Housing Revenue Account housing stock. Allocations will be made to housing applicants in greatest need under the Highland Housing Register allocations policy.