

Appendix 2 - Chesterfield Borough Council Housing Services

Strategic Acquisitions and Right of First Refusal Policy - October 2019

1.0 Background

- 1.1 The strategic acquisitions policy sets out the circumstances where Housing Services will seek to increase its housing stock through the acquisition of existing property or privately developed new build properties.
- 1.2 The strategic acquisitions policy covers the purchasing of properties from the open market (including former Right-to-Buy properties where the Right of First Refusal has elapsed), the purchasing of properties directly from residential developers through s106 agreements and the purchasing of properties being disposed of by housing associations.
- 1.3 The Housing Act 2004 introduced the Right of First Refusal (RFR) that gives Local Authorities the first opportunity to 'buy-back' properties being sold by former tenants who acquired their properties under the Right-To-Buy (RTB). This applies to all sales within ten years of purchase. Properties offered through the RFR are considered as part of the Right-to-Buy (Right of First Refusal) Policy.
- 1.4 In certain circumstances strategic acquisitions will deliver a more immediate and value for money solution to meeting housing need in the Borough. This policy identifies opportunities where Chesterfield Borough Council could acquire new homes for social or affordable rent with several benefits including:
 - Strengthening the HRA Business Plan through rental income
 - Delivering high quality homes to meet local affordable housing need
 - Good value for money when compared to equivalent new-build costs
 - Offsetting the loss of housing stock through RTB
 - Preventing the loss of affordable housing units through purchasing surplus units of housing stock from housing association partners.

2.0 Strategic links

- 2.1 The council considers strategic acquisitions as part of a wider programme of new build and stock investment. The direct purchasing of properties will need to be considered in terms of delivering a more immediate solution to housing need in an area and better value for money. The acquiring of new affordable homes through acquisition will make a

significant contribution to the achievement of wider council priorities – particularly in respect of links with the following strategies and plans:

- Corporate Plan 2019-23
- Housing Strategy 2019-23
- Housing Revenue Account Business Plan
- Homelessness Strategy 2019-23

2.2 The implementation of the policy has benefits for both the council as a strategic housing authority and landlord to increase the social housing stock, the potential to prevent homelessness in certain circumstances and increasing the ability to make appropriate investment decisions in areas if a property is repurchased.

3.0 Purchase criteria

3.1 The criteria to purchase a property are set out over two stages. The first stage is to ensure that the property meets at least one of a set of sustainability and housing need criteria.

Stage 1:

Sustainability:

- The property is within a block of flats where the purchase will mean the Council regains the ownership of all the properties within the block
- The purchase will enable the Council to consider wider regeneration opportunities in the future (for example regaining ownership of a pair of semi-detached properties)
- The purchase will enable the Council to tackle a long-term empty home
- The purchase will facilitate a development opportunity

Housing Need:

- Where the householder is facing eviction by the Mortgage company and the purchase could alleviate potential homelessness including:
 - The owner has a large service charge/ major works debt they are unable to afford (Council leasehold property only)
 - The owner cannot afford to pay future service charges due to changes in their financial circumstances – even with the facility of a 10-year loan (Council leasehold property only)
- Where there is an identified need for the property type in the estate area.

3.2 The second stage is a based on a financial appraisal of the property to ensure it represents value for money (as determined at the time of purchase) to acquire and bring into stock. The appraisal is based on using a housing acquisitions calculator (see **Appendix 1**) that projects the costs of acquiring, managing and maintaining a property over 15 years against its projected income. The calculator considers a purchase over 15 years as this period matches the Right-to-Buy cost floor where the costs of the initial purchase and investment can be accounted for in a RTB application.

Stage 2:

Financial:

- There is sufficient funding in the Housing Capital Programme to fund the purchase. The current funding available (in 2019/20) is £450,000
- That the property must represent value for money as calculated in the housing acquisitions calculator.

3.3 If the property being considered does not meet one of these criteria, a report to Finance and Performance Board will be required to secure approval for the spend.