

## **Acquisition Policy and Process Flow**

### **1) Executive Summary:**

A key corporate priority for Barnsley Council is to deliver more and better housing across tenure; stimulating economic and inclusive growth and meeting the housing needs of both new and existing households. The Council has a pro-active approach to maximising the numbers of affordable homes within our borough, including a direct acquisitions programme for both new build and existing stock (where funding allows).

This policy sets out the Council's pro-active approach to stock acquisition for the purpose of providing additional social housing for rent. Acquired properties will be appropriated into the Council's Housing Revenue Account and managed by the Council's ALMO, Berneslai Homes. The properties will be let to applicants on the Council's Housing Wait list via Choice Based Lettings (or via agreed local lettings policies/direct lets should specific grant terms apply).

The objectives of the Acquisitions Programme are:

- To increase the overall provision of affordable housing stock within the borough to meet need.
- To mitigate against the losses of Council stock as a result of Right to Buy.
- To make best use of existing stock across the borough.
- To provide an opportunity to re-balance the mix of Council housing to meet changing demands.
- To offer wider choice to applicants in terms of location and property type - away from traditional council estates.
- To enable strategic growth/regeneration schemes.
- To make best use of funding opportunities which enables the delivery of additional affordable homes (SOAHP, RTB 1-4-1 Receipts, 106 Commuted Sums, LAHF).

The objectives of the Acquisitions Policy are:

- To provide a framework to assess the 'value' of acquiring specific housing assets in relation to Value for Money as well as strategic value in meeting our Housing Strategy and Need objectives.
- To set out a fair and consistent evaluation matrix on which to assess individual or bulk acquisitions.
- To set the parameters of the negotiations policy.
- To set out the Acquisitions Workflow Process.

### **2) Background:**

Historically, the Council's acquisition programme was delegated to the Council's ALMO, Berneslai Homes, and managed directly by the Director of ARCON (Assets, Regeneration and Construction). Following a review of the Council's Housing Investment Programme, with the Covid19 National Pandemic allowing for a period of pause and reflection, officers re-evaluated the objectives of the programme to ensure that activity not only continues to deliver the Council's Housing Growth priorities, but also that it can positively respond to economic recovery planning, the Council's low carbon agenda, inclusive growth and sustainability in communities.

The previous acquisitions policy focussed on the purchase of, in the main, second-hand privately-owned dwellings (including ex-Right to Buys and empty properties) and was very successful in increasing social housing in the borough by 200+ new homes for social rent over the last 3 years. From a financial perspective, the programme levered in additional empty homes grant from Homes England and made best use of Right to Buy 1-4-1 receipts. Homes purchased were good value for money and were let easily, once renovated. The evaluation process was set by the Council but had not been updated for some years.

The key criteria for the policy is explained below and the evaluation matrix located at Figure 1. Whilst the Council is still very keen to purchase ex-RTB dwellings on existing estates (where there is an identified need) and to bring empty homes back into use, it is proposed that the evaluation process also considers whole-life costs, existing and achievable energy ratings and strategic acquisition opportunities which stimulate wider housing growth (or its acceleration) as a direct result.

### **3) Assessment Criteria:**

Each potential property acquisition will be assessed on an individual basis, in line with the criteria set out in this policy and considering the financial implications of the acquisition and the relative merits in terms of value for money. The property must meet a need identified in the Council's Strategic Housing Needs Assessment 2020 and/or a specific project requirement, where external grant funding has been allocated. The Council would not seek to purchase a property outside of the borough boundary.

The following property acquisitions will be prioritised:

- New Build Section 106 dwellings on Strategic Masterplan sites and/or sites in areas of high affordable housing need.
- New Build properties made available on Strategic Masterplan sites and/ or sites in areas of high affordable housing need; where acquisition accelerates/completes delivery across the remainder of the site.
- Former Council owned property, or a similar property within the Council's management areas – these properties will be the most efficient to manage and maintain.
- Leasehold flats where the Council is the freeholder – particularly where it results in the Council having direct control over an entire block of flats.
- A property that is causing concerns in the locality (e.g., an empty dwelling) – in addition to adding to the housing stock, this would also improve the area.
- A property which meets a specific need not met by the existing stock profile – e.g., specifically adapted, or a larger dwelling etc.
- A property in a specific location that could free up land or access to land or otherwise facilitate affordable housing development.
- A property that offers good value for money “purchased and repaired” when compared to other forms of delivery.

**A copy of the Evaluation Matrix is located at Appendix A.**

### **4) Regulatory Code and Legal Framework:**

The relevant legislation is:

- s120 Local Government Act

- Housing (Right to Buy) (Limit on Discount) (England) Order 2012
- Local Government Act 2000

#### **5) Referrals Route:**

Referrals can be identified in a number of ways. This includes:

- Direct approach by a property owner
- Direct approach via a Lettings Agent or Developer
- Via the Right to Buy Team (when properties are within the 10-year sale period and/or the owner may be required to repay discount).
- Via a referral from the Empty Homes Team
- Via other Council or Berneslai Homes officer or Local Member.
- Via a project group established to deliver properties to meet the needs of specific service users and/or grant terms

All properties will be assessed using the same process and methodology irrespective of how the property was identified. If a property is brought to the Council's attention by an external agency, such as an estate agent, no payment will be made in return for the information.

There are separate policies and processes in place for ex-RTB properties and empty homes that are not considered within this policy. Outside of the acquisition flow process, existing customer contact and project management arrangements remain.

All referrals should be made via email to the Affordable Housing Inbox - Affordable Housing [AffordableHousing@barnsley.gov.uk](mailto:AffordableHousing@barnsley.gov.uk).

**A copy of the acquisitions process flows can be found at Appendix B.**

#### **6) Marketing:**

The Council does not currently undertake any direct marketing campaigns to encourage individual private sellers to directly contact the Council.

Those property owners who purchased their property via Right to Buy are obliged to offer first refusal on purchase to the Council as part of their sales agreement (up to 10 years following the sale) and may be required to repay a percentage of their discount (during the first 5 years post sale).

The Council does intend to proactively contact developers and estate agents to make them aware of our housing need requirements and Acquisitions Programme.

#### **7) Property Inspections:**

A full property inspection will be completed jointly by the Acquisitions Project Manager and a technical officer from Berneslai Homes' Voids Team, following an initial assessment of the property against the evaluation matrix. This includes consultation with both Berneslai Homes Housing Management and Lettings Staff.

The inspection will identify the work that is required for the property to meet the Council's Lettable Standard. The Energy Efficiency of the property will be considered, and an Energy Performance Certificate (EPC) will be required. The inspection will also identify if additional work has been completed at the property which may make it unsuitable, this could include work that would be expensive for the Council to maintain.

An updated EPC will be required at the end of the Purchase and Repairs process.

As a guide, the total cost of purchase, repair and fees should not exceed the benchmark cost of:

- £120K for a two-bed apartment
- £150K for a two-bed house
- £200K for a three-bed house
- And/or the market value of the completed unit.

The above values will be reviewed annually. Exceptions will be subject to the submission of a business case to the Head of Housing.

### **8) Property Valuations and Negotiation:**

A valuation of the property will be undertaken by a RICS qualified valuer within the Council's Assets and Property Service.

In consultation with the Council's Assets and Property Team, an offer will be made to the seller. The offer will be made within the parameters (+10%/- 20%) of the property valuation.

Offers over the valuation price will ONLY be made in exceptional circumstance and:

- in full consultation with the Group Leader Property and Assets
- will not exceed 10% of the original valuation guide price\*

\*On new build homes, consideration to increase the offer beyond the 10% parameter will be given ONLY when the developer is offering an enhanced specification not considered within the original valuation and/or there is a strategic requirement to secure a property and all other negotiation efforts have been made.

Offers below the valuation price should not be less than 80% of the original valuation guide price on a single dwelling purchase. Bulk purchase/packages will be subject to a business case.

All offers are made subject to approval via the Council's governance route.

### **9) Funding and Approvals:**

Following the acceptance of an offer, the Acquisitions PM will prepare an Officer Decision Record (ODR) seeking delegated approval for the acquisition of a property/properties and/or seek a cabinet decision for bulk acquisitions linked to specific projects/programmes and funding envelopes. The individual ODR will include costed details of all required works to the property, all associated costs relating to the purchase and fees (purchase price, SDLT), financial implications and details of the consultation which will have taken place with BMBC Assets/Finance and Berneslai Homes Housing Management and Lettings Teams.

In line with the Council's delegated approval route, the ODR will be signed off by the Head of Housing and Energy on properties up to the value of £100k and the Director of PLACE on properties up to the value of £250k (via DMT). Any property acquisitions, or group acquisitions, over £250k will be prepared as Cabinet Decision reports for sign off by the Portfolio Holder for PLACE and/or Cabinet, as necessary.

Acquisitions are funded from the Council's Acquisitions Budget within the HRA Capital Investment programme 2020-23 and or from specific external funding or 106 Affordable Housing commuted sums. Wherever possible, officers will seek to support HRA investment with other match/grant

funding pots. For example, 1-4-1 RTB receipts and/or Shared Ownership and Affordable Housing Programme) SOAHP funding.

#### **10) Decisions and Appeals:**

The final decision on an acquisition will be made by the senior decision maker, as identified above.

Under legislation, there is no onus on the Council to purchase a property or land following initial enquiries. Therefore, the seller does not have the right to appeal the decision of the Council.

Officers will need to declare any specific interests in properties.

#### **11) Rent Setting and Allocations:**

Rents will be set in accordance with the Rent Setting Policy.

The property will be allocated via the Council's choice-based lettings scheme in accordance with the Council's Allocations Policy and or via any agreed Local Lettings/Direct Let Criteria (as authorised in line with the Lettings Policy).

#### **12) Review:**

This policy will be reviewed on an annual basis and/or as the funding pot is exhausted.

#### **Appendices:**

**Appendix A – Evaluation Matrix**

**Appendix B – Process Flows**

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