

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

REPORT OF THE EXECUTIVE DIRECTOR PLACE

Housing Revenue Account (HRA) Empty Homes Acquisitions Programme 2019/20 – 2021/22

1. PURPOSE OF REPORT

- 1.1 To outline the HRA Empty Homes Acquisitions Programme to Cabinet for the financial years 2019/20 through 2021/22.

2. RECOMMENDATIONS

- 2.1 That the HRA Empty Homes Acquisitions Programme for the financial years 2019/20 through 2021/22 be approved by Cabinet.

3. INTRODUCTION

- 3.1 The Council has been running a successful acquisitions programme since 2012 within its Housing Revenue Account (HRA). This programme has acquired 205 properties over this time which has helped contribute towards partially offsetting the loss of Council Housing stock through the Right to Buy Programme.
- 3.2 In recent years, the Council has sold between 150 and 250 dwellings per annum through Right to Buy and the council housing stock is therefore reducing whilst the council house waiting list remains at around 7,000 applications. Right to Buy sales also generate capital receipts for the Council, a part of which, under Central Government rules has to be spend on replacement properties or paid over to the Government. Under these funding rules, expenditure that utilise the Right to Buy capital receipts has to be matched by a two thirds contribution from other HRA funds.
- 3.3 The programme has been focused on four priority themes which align both to strategic housing needs and other Council priorities such as the reduction of empty homes and are outlined below:
- Empty Properties –The Council has approved an Empty Homes Delivery Plan 2018 to 2021 and invested substantial resource over the period to reduce the 1,485 longer term properties in the borough. This priority theme is a part of that plan and is the acquisitions of long term empty properties, aimed at the strategic need to reduce the number of such properties within the borough and contributing towards the Council targets for this. These acquisitions also attracted Homes England – Empty Homes Grant levels at a current rate of £25,000 per dwelling and this has helped extend the number of such acquisitions. 70 Properties have been acquired to date under this

theme and this has fully reached the targets agreed with Homes England and will do so over the next two years.

- Former Right-to-Buy Properties – Such properties are regularly offered back to the Council for re- purchase. Typically, this will be because either the owner has passed away, there has been a family break down or because the owner has run into financial difficulties. The Council also has a statutory ‘Right of First Refusal’ on all properties sold under Right to Buy for a period of 10 years after sale;
- Properties offered by Housing Associations – A number of Housing Associations are seeking to reduce their social rented housing stock in the borough often, but not exclusively, to fund new build housing programmes. The new build programmes may or may not be within Barnsley and may or may not be for social rent. The Council is regularly approached to see if it would wish to purchase, prior to the properties being sold on the open market. Most Housing Associations will sell such properties at auction, often to the buy to rent market. An example of such a purchase is Carlton Street at Grimethorpe, where the Council purchased 22 properties, most with sitting tenants from Yorkshire Housing, at a value of £13,863 per dwelling. The Council has since improved the dwellings and made environmental improvements to make this area in the centre of the local community sustainable for the future; and
- Other Strategic Acquisitions – Occasionally it is advantageous to the Council to make strategic acquisitions, for example that might enable a tenant to move from a property, releasing access to a council area of land for development. Going forward it is proposed to expand this theme to include support to future neighbourhood based regeneration activity.

3.4 The 205 properties purchased by the Council in the current programme have been purchased at an average cost of £51,111 per dwelling which represents excellent value for money at, on average, 12.5% below market value.

3.5 Funding for void works arising from acquisitions is contained within the HRA voids capital budget with the current average cost of such void works totalling £7,597 per property. The cost of works varies with long term empty homes costing the most to improve.

3.6 Such approvals for purchase of individual properties within the four respective elements follow the Council’s governance and approval processes with a report is written for each, following consultation with the Head of Housing and Energy.

4. PROPOSAL AND JUSTIFICATION

4.1 It is proposed that the Cabinet approve an acquisitions programme for the next three financial years at a cost of £2.600M, using the four priority themes set out above but to increase the fourth theme to include strategic acquisitions needed to support future neighbourhood based regeneration activity. Budget Provision for this has been made in approved HRA Capital Expenditure Programmes (£2.2M) and from Section 106 funding set aside for this purpose (£0.4M). Homes England Empty

Homes grant is claimed on relevant property acquisitions and it this money re-cycles back into the programme accordingly and as it is received.

4.2 The programme will enable continuation of acquisitions that support a number of key Council priorities including:

- Reducing the number of Empty Homes in the borough;
- Expending Right to Buy capital receipts; and
- Maintaining the number Council Houses available for letting at Social Rent levels.

5. CONSIDERATION OF ALTERNATIVE APPROACHES

5.1 Consideration has been given to discontinue the acquisitions programme diverting the funding into other HRA capital priorities. This has not been recommended because the programme supports a range of strategic priorities and represents very good value for money to the Council.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

6.1 There are two main benefits for local people and service users arising from the programme:

- It reduces the number of empty homes within the borough improving and returning such properties to use; and
- It helps to maintain the number of dwellings available for Council letting at Social Rent.
- The programme also supports the training needs of apprentices employed within the PRIP Partnership by Berneslai Homes Construction Services (18 Apprentices) and Kier. (9 Apprentices). Some of these properties involve quite major refurbishments and the work type provides essential variety and valuable experience.

7. FINANCIAL IMPLICATIONS

7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).

7.2 The £2.196M funding for this proposal has been set aside in principle by SMT / Members and has been formally approved as part of the 2019/20 HRA Budget Planning process that were submitted to Cabinet in January 2019 (Cab.9.1.2019/11 refers). This proposal forms part of the Housing Growth Investment Strategy and is funded from earmarked HRA reserves.

7.3 In addition to the HRA reserves, Section 106 Contributions has been previously approved by Cabinet via the Empty Homes Programme report 2018-21. (Cab.13.12.2017 refers) totaling £0.400M.

- 7.4 The Council's own resources for the empty homes programme is to be supplemented by an element of Homes England – Empty Homes Grant income, to a maximum value of £0.995M. At this stage, it is not quantifiable in terms of how much of grant will be drawn down as it is predicated on the type of properties that become available and whether they meet the stipulations / conditions as set out by the grant. Each individual acquisition report that is presented for consideration will look to maximise this grant, in line with approved amounts, on a case by case basis.
- 7.5 Similarly, where eligible 30% of the total purchase price of the properties can be funded using 1-4-1 capital receipts, consideration will be taken, in line with the restrictive nature of the use of such receipts, to identify schemes that they can be utilised on. Like the Empty Homes Grant, each individual acquisition report that is presented for consideration will look to maximise these receipts, along with the grant as outlined above, in line with approved amounts, on a case by case basis.
- 7.6 The HRA business plan is forecasting a net decrease in the housing stock of 109 properties in 2019/20. This is based on the assumption of 210 RTB sales and 101 additional properties coming into the portfolio via new build and acquisitions strategies such as this proposal.
- 7.7 Estimated rental income within the HRA business plan has been calculated using these projected stock numbers. Any increase or decrease to those numbers will have a respective positive or negative impact on the amount of the rent the HRA can collect.
- 7.8 Financial services mitigate the risks to the HRA via robust monitoring of the RTB sales and rent collections in partnership with Berneslai Homes and Strategic Housing.

8. EMPLOYEE IMPLICATIONS

- 8.1 The acquisitions programme is carried out jointly by officers within Berneslai Homes and the Council as the current programme and with the following responsibilities:
- Berneslai Homes – Administer and organise the programme.
 - The Council's Head of Housing and Energy and Strategic Finance Manager are also consulted about each property.
 - BMBC Regeneration & Property Asset Management – Current valuation of the Property and Legal Instruction.
 - BMBC - Legal Services (Property and Planning Team) – Legal and Conveyancing Services.
- 8.2 The programme can be contained within existing employee services as set out above.

9. LEGAL IMPLICATIONS

- 9.1 All properties will be purchased using the Council Legal Services (Property and Planning Team for Conveyancing and the use of experienced Council Solicitors reduces risk around this are.

10. CUSTOMER AND DIGITAL IMPLICATIONS

10.1 There are no customer or digital implications contained within this proposal.

11. COMMUNICATIONS IMPLICATIONS

11.1 There are no communications implications contained within this proposal.

12. CONSULTATIONS

12.1 Consultations on this report have taken place within Berneslai Homes, the Council Strategic Finance manager, and the Head of Housing and Energy.

12.2 Consultation on individual acquisitions takes place with Berneslai Homes Lettings and Housing Management Teams. The Council's Head of Housing and Energy and Strategic Finance Manager are also consulted about each property.

13. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK

13.1 The acquisition programme priorities proposed in this report aligns Berneslai Homes Strategic Plan with the Council's corporate priorities and requirements of Headline KPI's.

14. TACKLING THE IMPACT OF POVERTY AND HEALTH INEQUALITIES

14.1 Having and maintaining an affordable home is an important part of tackling the impact of poverty and health inequalities.

14.2 Council Housing provides by far the main provision of Social Housing in Barnsley. Maintaining adequate numbers of well managed low cost, good quality Council owned social rented properties in therefore a major part of tackling poverty and health inequalities within the borough.

15. REDUCTION OF CRIME AND DISORDER

15.1 Empty property can be an easy target for crime and anti-social behavior. This proposal will help reduce the number empty properties in the borough.

16. RISK MANAGEMENT ISSUES

16.1 Risk management forms a part of the evaluation of each acquisition and a risk section is contained in each individual approval report.

17. GLOSSARY

HRA – Housing Revenue Account

18. LIST OF APPENDICES

Appendix A – Financial Implications.

19. BACKGROUND PAPERS

Acquisition Statistics and Reports

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

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