



## OVERVIEW & SCRUTINY COMMITTEE

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| <b>Report Title</b> | <b>Trial 'Buy Back' Scheme</b> |
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| <b>Meeting Date:</b>               | 20 February 2020           |
| <b>Accountable Cabinet Member:</b> | Councillor Stephen Hibbert |

### 1. Purpose of this Briefing

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- 1.1 During its meeting on 9 January 2020, the Overview & Scrutiny Committee agreed to undertake pre-decision scrutiny of a trial scheme that Northampton Partnership Homes (NPH) is operating, on the Council's behalf, to 'buy back' former council homes and let them to homeless households living in temporary accommodation.
- 1.2 The purpose of this Briefing is to provide the Overview & Scrutiny Committee with information about the 'Buy Back' scheme and the impact it is likely to have on the households that are rehoused and the Council's use of temporary accommodation.

### 2. The 'Buy Back' arrangements

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- 2.1 When a council home is sold under the 'Right To Buy', a covenant is applied to the property, requiring the purchaser to offer the Council (for a period of eight weeks) the right of first refusal to purchase the property if they wish to sell it within 10 years.
- 2.2 Internet searches of property websites (such as Rightmove) have made it easier to identify former council homes that are being sold on the open market. NPH is also actively searching the housing market for suitable former council homes to purchase.
- 2.3 In recent years, provision has been made – within the Housing Revenue Account (HRA) capital programme – for the Council to buy former council homes under the 'Buy Back Scheme. These homes have been added to the Council's housing stock.

### **3. Reducing the use and cost of temporary accommodation**

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- 3.1 In April 2019, Cabinet approved an Action Plan that was designed to reduce the number of households living in temporary accommodation (TA) and minimise the number of households living in expensive, nightly-purchased TA.
- 3.2 Unfortunately, despite all of the action that has been taken to reduce the Council's use of temporary accommodation, the number of households moving into TA has continued to exceed the number of households moving out of TA.
- 3.3 The main reasons for this are the high levels of homelessness, the severe shortage of suitable move-on accommodation and the lower than expected number of council and housing association homes that have become available for letting in 2019/20.

### **4. Purchase and repair of former council homes**

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- 4.1 In order to reduce the number of households in expensive, nightly-purchased TA, the Council commissioned NPH to purchase and repair an initial tranche of former council homes (flats and houses) that were on the market and were situated in neighbourhoods that already contain homes which are owned by the Council and managed by NPH.
- 4.2 NPH has now developed a pipeline of 24 properties that it is purchasing through the Housing Revenue Account at a total cost of approximately £4.2m:
  - 4 x one-bedroom flats
  - 2 x two-bedroom house
  - 5 x two-bedroom flats
  - 1 x three-bedroom maisonettes
  - 10 x three-bedroom house
  - 1 x 4-bedroom house
  - 1 x five-bedroom house
- 4.3 Although 3 of these 24 properties – a two-bedroom flat, a two-bedroom house and a three-bedroom house – will be used as temporary accommodation, 21 of them will be let as permanent accommodation, at affordable rents (but capped at LHA rates), to homeless households that have spent longest in expensive, nightly-purchased TA.
- 4.4 By 19 February 2020, NPH had completed the purchase of 11 of the 24 homes and, of those that had been completed, 3 had been let to homeless households and 8 were undergoing repairs and/or refurbishment.

### **5. Financial benefits of NPH's acquisition of the 24 former council homes**

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- 5.1 An evaluation is currently being carried out to determine the financial benefits of NPH's acquisition of the 24 homes for homeless households living in TA.
- 5.2 However, it is estimated that, by purchasing the 24 homes and using them in a way that enables 24 homeless households to move out of expensive, nightly-purchased TA, the Council will be able to avoid TA costs equivalent to around £123,000 per annum.
- 5.3 On completion of the evaluation, consideration will be given to the impact that further acquisitions will have on the amount of money the Council spends on TA.

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