



OVERVIEW & SCRUTINY COMMITTEE

| | |
|---------------------|--|
| Report Title | Update on the Housing Acquisitions Scheme |
|---------------------|--|

| | |
|------------------------------------|----------------------------|
| Meeting Date: | 15 February 2021 |
| Accountable Cabinet Member: | Councillor Stephen Hibbert |

1. Purpose of this report

- 1.1 In July and August 2020, an Overview & Scrutiny Working Group reviewed the way in which the Council has used the 'Buy Back' arrangements to reduce its use of temporary accommodation, and it undertook a pre-scrutiny review of the Council's decision to extend and expand the housing acquisitions scheme.
- 1.2 When Cabinet approved the extension and expansion of the housing acquisitions scheme at its meeting on 19 August 2020, it was agreed that the Overview & Scrutiny Committee would be provided with regular updates on the progress of the scheme.
- 1.3 On 11 January 2021, the Committee received its first update. This is the second update.

2. Background

- 2.1 In order to increase its stock of affordable rented housing and reduce the use and cost of Temporary Accommodation (TA), the Council has been working closely with Northampton Partnership Homes (NPH) to purchase former council homes and then let them, as permanent homes, to homeless families living in the most expensive TA.
- 2.2 The rent charged for these permanent homes is an 'affordable rent' (up to 80% of the market rent) but 'capped' at Local Housing Allowance (LHA) rates.
- 2.3 During the housing acquisitions pilot scheme, the Council sought to simplify and accelerate the home buying process, including the rate at which properties can be acquired, repaired, refurbished and let. The financial viability of each acquisition was assessed on the basis of an investment appraisal that included a 'ceiling' on total costs, including the purchase price, legal costs and any repairs and maintenance required.

- 2.4 At its meeting on 19 August 2020, Cabinet approved the extension of the housing acquisitions scheme to acquire more homes, including one-bedroom homes to meet the needs of people who have been sleeping rough.
- 2.5 Cabinet also approved the expansion of the scheme to include any suitable homes (not just those that were previously owned by the Council) and acknowledged that the cost of ongoing maintenance can be reduced by acquiring blocks of similar homes.
- 2.6 Although it was agreed that the housing acquisitions scheme will continue to use a target operating model that is based on agreed formulae and ceilings on purchase and repair costs, Cabinet agreed that there may be occasions when the Council chooses to exceed those cost ceilings, in order to meet specialist requirements, where those acquisitions are forecast to remain affordable within the Housing Revenue Account.

3. Developing a pipeline of housing acquisitions

- 3.1 Following Cabinet approval of the extension and expansion of the housing acquisitions scheme, NPH undertook an appraisal of the local housing market to establish whether or not there was a sufficient supply of suitable family homes available, within the agreed cost ceilings, to support a second round of property purchases.
- 3.2 After reviewing the formulae and ceilings on the purchase and repair costs, the Council's Finance Team issued a new set of cost ceilings, for the second round of housing acquisitions, at the beginning of November 2020.
- 3.3 On 16 December 2020, Cabinet approved – subject to due diligence – the acquisition, through the Housing Revenue Account, of a block of 44 apartments which is currently under construction, by a private developer, at 85-89 Lion Court, Southbridge.
- 3.4 Construction of 85-89 Lion Court – which comprises 15 one-bedroom homes, 28 two-bedroom homes and 1 three-bedroom home – is due to be completed in March 2021. If the Council's purchase of the apartment block is completed in a timely manner, tenants could start moving in as early as May 2021.
- 3.5 Although it has taken a while to develop a pipeline of individual housing acquisitions, momentum is building and the situation, as at 2 February 2021, was as follows:
 - The Council has instructed solicitors to proceed with the purchase of 18 homes (12 one-bedroom, 4 two-bedroom and 2 three-bedroom) that it has surveyed, valued and agreed a purchase price with the vendor.
 - The Council is awaiting the outcome of the surveys and valuations it has commissioned in relation to 7 homes (4 one-bedroom, 1 two-bedroom, 1 three-bedroom and 1 four-bedroom) that it has expressed an interest in purchasing.

Phil Harris
Director of Housing and Wellbeing