

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	7 th February 2019
REPORT TITLE	Strategic Buy Back Policy
REPORT NUMBER	RES/19/173
DIRECTOR	Resources
CHIEF OFFICER	Corporate Landlord
REPORT AUTHOR	Kenny Paterson
TERMS OF REFERENCE	Purpose 5, Remit 3.1 & 3.3

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek Committee approval in updating the policy and process on the strategic re-acquisition of former council houses.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Approves the revised set of criteria and process highlighted in Appendices A & B, where the Council will consider re-acquiring any former Council house.

3. BACKGROUND

- 3.1 The existing policy on the re-acquisition of former council housing was last reviewed on 10th June 2008. The criteria is:
- Where a property is proposed to be demolished to make way for new housing under an urban regeneration scheme being promoted by Aberdeen City Council or alternatively the building suffers from major structural failure.
 - Where the property meets the “Housing for Varying Needs Standard”. This will include amenity and sheltered housing or houses where significant barrier free adaptations have been undertaken.
 - Where low rise flatted buildings require major repair or renovation and the owner cannot afford their share of the cost and the re purchase is essential to ensure that the works can be undertaken.

- Where the owner is failing their mortgage repayments and their lender has instigated re-possession proceedings. In this instance the Scottish Governments Mortgage to Rent scheme will apply which requires the owner to apply directly to the Scottish Government to access the scheme.
- 3.2 If an owner approaches the Council, Officers initially determine whether the property meets the above criteria or not. If the property meets the criteria, a consultation process will determine whether demand exists and if funding through the housing capital programme is available.
- 3.2.1 A series of technical assessments are carried out on the property with the permission of the owner, which are; Scottish Housing Quality Standards (SHQS), Energy Performance Certificate (EPC) and Gas & Electrical Safety Certificates.
- 3.2.2 Any elements highlighted through these assessments, which may have a cost implication to the Council, will be deducted from the valuation to ensure any future liability is considered.
- 3.3 A total of 14 properties have been re-acquired since the policy was reviewed back in 2008; the table in Appendix C contained within the exempt section of the agenda which sets out the details of those acquisitions:
- 3.3.1 Of the 14 properties which were re-acquired, 5 were vacant possession and 9 via the Scottish Governments “mortgage to rent scheme” where the owners received a Scottish Secure Tenancy (SST) as part of the agreement with Aberdeen City Council.
- 3.3.2 If a property is to be re-acquired via the Scottish Government’s Mortgage to Rent Scheme, the scheme provides a significant level of grant assistance to finance the transaction due to the owner remaining in the property.

4. FINANCIAL IMPLICATIONS

- 4.1 To date Aberdeen City Council has funded, through the housing capital budget, approximately £1.12M on purchasing ex-council property since the policy was revised in June 2008.
- Note: this figure does not include the costs incurred providing a valuation, legal fees and other miscellaneous costs.
- 4.2 The availability of funding within the Housing Revenue Account to finance the purchase will require to be determined. This sum will be assessed annually based on the previous year’s spend on buy backs
- 4.4 General repairs costs may not always be included in the agreed housing capital sale and general repairs will have to be funded through housing revenue budgets.

5. LEGAL IMPLICATIONS

- 5.1 Any property re-purchased must meet the statutory regulations required of council housing (Scottish Housing Quality Standard (SHQS) & Energy Efficiency Standard for Social Housing (EESH)).

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	<p>The financial implications of providing “affordable housing” within the Scottish Governments statutory and discretionary framework.</p> <p>Providing suitable affordable accommodation to the existing owner, once the sale is concluded.</p>	<p>M</p> <p>L</p>	<p>The inclusion of a Scottish Housing Quality Standard (SHQS) assessment and Energy efficiency for Standard Social Housing (EESH) will ensure that expenditure on compliance issues will be fully reflected in the purchase price, offered to the owner.</p> <p>Any owner must take responsibility for their own future housing requirements. Any future housing provision will not be linked to the sale of their ex-council property.</p>
Legal	Prospective property may not meet the statutory regulations required of council housing (SHQS & EESH).	M	Carry out SHQS & EESH surveys to identify if property meets criteria.
Employee	Increase in work load due to the number of applications.	M	The number of applications cannot be predicted, but will be monitored once the policy is in place.
Customer	That the Council fails to meet the needs and demands of providing suitable family homes where they are required within the city.	M	It is likely that any re-purchase will provide much needed family accommodation in areas where this is in limited supply; due to the introduction of the “right to buy” legislation.

Environment	Regeneration opportunities within highlighted city locations.	M	The revised policy will also assist site assembly in areas where regeneration opportunities are identified
Technology	Online application form to manage the process.	L	An “online application” process will be developed as the preferred method in managing each application. An approach will be made to “being digital” via the customer experience platform to find a suitable solution.
Reputational	The lack of funding to meet all suitable request to repurchase.	M	The expenditure will be monitored annually to ensure that appropriate funding is provided through the housing capital budget.
	Strategic disposal of empty Council homes which are deemed surplus to requirements will raise issues as to the link between both policy documents.	M	The disposal policy is intended to provide a clear, defined and logical process for the eventual sale of generally single dwellings within tenements where the council is the minority owner and the property concerned is not providing the council with value for money.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The report will help increase the number of affordable housing properties available to rent.
Prosperous People	The report will help to provide more affordable housing within the city and support vital key works in education, care and health sectors.
Prosperous Place	To improve the quality of housing and environment of individuals and the community and will sit alongside the SHIP

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Developing an online application process to note an interest where an owner approaches the Council with a potential property purchase.
Governance	The amended policy and process will promote a much more transparent working method of re-acquiring ex Council property.
Workforce	Existing staff will administer the new policy and will absorb the work load into existing duties.
Process Design	The new policy and process will lead to a more consistent approach.
Technology	The proposed online form will help promote digital connectivity.
Partnerships and Alliances	

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	N/A
Data Protection Impact Assessment	N/A
Duty of Due Regard / Fairer Scotland Duty	N/A

9. BACKGROUND PAPERS

- 9.3 The report submitted to the Communities, Housing & Infrastructure Committee on the 28th October 2014 gives an overview of Aberdeen City Council's new Strategic Housing Investment Plan (SHIP) for 2015-2020, which sets out Aberdeen City Council's plans for affordable housing over the next five years.
- 9.4 Aberdeen Local Housing Strategy 2012 - 2017
- 9.5 Home Owners Support Fund – Mortgage to Rent Scheme
- 9.6 Policy on the strategic disposal of empty Council homes deemed surplus to requirements.

10. APPENDICES (if applicable)

- Appendix A - Buy Back Criteria
- Appendix B - Process

11. REPORT AUTHOR CONTACT DETAILS

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Appendix A:

Buy Back Criteria:

1. Identified Need

- Housing demand
- Property Type

2. Affordable

- Market Value within affordability matrix
- Condition of property
- Repair costs
- Future liability / Common Repairs

3. Regeneration Proposal

- Properties in areas designated for regeneration or demolition

4. Mortgage to Rent Scheme

- Where the owner meets the Mortgage to Rent Scheme criteria

5. Ownership Consolidation

- Properties within multi storey blocks
- When re-acquisition returns the block to (full or majority) Council ownership
- Eliminate Title Deed Anomalies

6. Specialist Accommodation

- Housing for Varying Needs Standard
- Fully wheelchair adapted
- Amenity Housing

Appendix B

Process:

- Approach from owner to Corporate Landlord
- Initial Criteria Check (as per policy)
- Technical Assessment
 - Scottish Housing Quality Standard (SHQS)
 - Energy performance Certificate (EPC)
 - Energy Efficiency Standard Social Housing (ESSH)
 - Gas & Electrical Safety Checks
- Affordability Check (as per policy)
- Business Case sign off by Chief Officer, Corporate Landlord.
- Instruction to Legal to purchase the property on behalf of the Council