

# Housing

## Home Purchase Policy

### 1 Introduction

- 1.1 Brighton & Hove is a popular place to live with good transport links to neighbouring towns and to London. It has a buoyant housing market and the cost of buying or privately renting a home in the city is unaffordable for many local residents, demonstrating a pressing need for affordable housing in the city.
- 1.2 There are limited opportunities to build in the city and with land at a premium and rising building costs the pressures on providing additional housing can not be met resulting in demand outstripping supply.
- 1.3 The reality of how difficult it is for households to find affordable housing in the city is reflected in the number on the council's housing register and households approaching the council due to being or at risk of becoming homeless.
- 1.4 Over the past six years (to April 2018), 331 properties have been sold under the Right to Buy, further reducing affordable housing for rent in the city.
- 1.5 The citywide Housing Strategy adopted by council in March 2015 has as priority 1 **Improving Housing Supply** with a commitment to prioritise affordable housing provision in the city. This policy aims to provide another option for increasing affordable housing in the city.

### 2 Scope of the policy

- 2.1 This policy sets out Brighton & Hove City Council's (the council) approach to the buy back of properties previously sold under the Right to Buy (RTB).
- 2.2 The council has statutory powers under The Housing (Right of First Refusal) (England) Regulations 2005. Since August 2005 the council's RTB leases have placed a legal obligation on the former secure tenant who has exercised their right to buy and their successors to offer the council first refusal if they decide to sell within 10 years of the original purchase.
- 2.3 This policy will apply to these properties plus other properties available for sale on the open market.

2.4 This policy aims to

- Maximise the supply of affordable homes in the city in support of the Housing Strategy
- Meet housing need through the housing register
- Utilise retained RTB receipts thereby avoiding the need to return capital funds to the government and reducing the impact on the Housing Revenue Account's (HRA) borrowing headroom.

### **3 Criteria**

3.1 The decision to purchase properties will be dependent on a business case on a property by property basis which would be determined by the following factors:

- The purchase price (up to £250,000) and availability of capital funds
- The viability of the purchase against rent levels as set out in the council's rent policy.
- The cost of any refurbishment work required to bring the property up to the Brighton & Hove Standard (maximum of 10% of purchase price)
- Whether on going maintenance costs are considered to be excessive (or greater than average stock levels)
- The property is situated amongst existing Brighton & Hove City Council housing stock
- There is a specific housing need for the type of property that is being offered, as established by the Housing Register
- Whether a purchase of a property would free up land or enable access to a site suitable for development of affordable housing
- Savings to the council through reduced need for temporary accommodation or specialist accommodation
- The impact of a subsidy in addition to the rental income on the viability of the purchase (to a maximum of £10,000)

### **4 Processing offers under the Right of First Refusal**

4.1 In accordance with the 'Right of First Refusal' since August 2005 the council's RTB leases have placed a legal obligation on the former secure tenant who has exercised their right to buy and their successors to offer the council first refusal if they decide to sell within 10 years of the original purchase.

- 4.2 The owner wishing to sell the property must submit an Offer Notice in writing to the council, which should include the full address, confirmation that there is a covenant requiring the owners to first offer the property to the council, and specifics of the property such as the type and size of property, the type of heating system and improvements that have been made since its purchase from the council. An up to date valuation of the property should also be supplied.
- 4.3 The council will send an acknowledgement of receipt within five working days. The acknowledgement will specify the date on which the offer notice was first received and give more details regarding the Right of First Refusal.
- 4.4 In accordance with the criteria set out in section 3 the Head of Property & Investment will recommend to the Executive Director of Neighbourhoods, Communities and Housing whether:
- 1) the council wishes to accept the offer and purchase the property
  - 2) the property should be offered to another registered provider in the area for purchase
  - 3) the offer should be rejected
- 4.5 If the council wishes to accept the offer it will confirm this to the owner within 8 weeks of receipt of the Offer Notice. The council will ask its nominated valuer to value the property. This must be agreed between both parties. If no agreement can be made the value will be determined by the District Valuer. Acceptance of the offer will be carried out in writing through the issuing of an Acceptance Notice.
- 4.6 If the council does not wish to accept the offer, a Rejection Notice will be served as soon as possible (and within 8 weeks).
- 4.7 If the council has not served an Acceptance Notice or Rejection Notice within 8 weeks of receipt of the Offer Notice the owner may proceed with selling the property as they see fit.
- 4.8 If after a period of 12 months the owner has not sold the property and still intends to do so they must serve a fresh Offer Notice to the council first.
- 4.9 If an offer to purchase the property is made by the council a binding contract must be entered into with the owner
- No later than 12 weeks after the date in which the Acceptance Notice is served on the owner or

- No later than 4 weeks after receipt of written confirmation from the owner that they are ready to complete (whichever is later)

## **5. Former council properties for sale on the open market**

- 5.1 Where there is no right of first refusal, there may still be good value opportunities for the council to buy former council homes back. In these circumstances approaches can be made directly to the council by a leaseholder/freeholder wishing to sell their property. The council will manage these requests in line with the Right of First Refusal cases as outlined in Section 4 of this policy. These properties will also be subject to assessment against the criteria outlined in Section 3.
- 5.2 In order to manage these additional enquiries, access to the scheme may be time limited in line with when the council wishes to increase activity on the scheme. Appropriate advertising of the scheme can be done via the council's website, social media, the Leaseholders Action Group and through homing in.

## **6 Financial resources**

- 6.1 Financial resources available for this policy will be dependent on the ability of the HRA to fund any acquisitions. A budget for this policy will be determined on an annual basis. Properties will be considered on a case by case basis and any decision to buy a property will be subject to approval by the Executive Director of Neighbourhoods, Communities & Housing

## **7 Appeals process**

- 7.1 Appeals must be received within 28 days of the decision letter.
- 7.2 Where the appeal is in respect of how the policy and procedure have been applied it will be investigated in line with the council's complaints procedure.
- 7.3 Appeals against decisions will be considered by the Executive Director – Neighbourhoods, Communities & Housing whose decision is final.

## **8 Other opportunities**

- 8.1 Alongside the purchase of homes, other opportunities may become available to purchase properties or land for housing including securing affordable housing units as part of new housing developments in the city (S106 sites).

The viability of each potential purchase would need to be completed taking account of:

- The purchase price and nature of the property/land
- The cost of any conversion and refurbishment work to bring it into use
- The viability of the purchase against rent levels as set out in the council's rent policy
- Grant funding opportunities to support delivery of new housing
- Planning considerations
- There is a specific housing need for the type of property that is being offered, as established by the Housing Register
- The property/land is situated amongst existing Brighton & Hove City Council housing stock

- 8.2 The viability of each potential S106 site would need to be completed taking account of:

- The number of units and purchase price proposed
- Management viability e.g. would the units need to be in a separate block
- Financial viability of the property
- The viability of the purchase against rent levels as set out in the council's rent policy
- Timing of the purchase. An early discussion with developers would be essential, particularly if we propose to take forward affordable rented only units
- Planning considerations as we would only be seeking affordable rented properties at present
- There is a specific housing need for the type of property that is being offered, as established by the Housing Register
- The property/land is situated amongst existing Brighton & Hove City Council housing stock.

- 8.3 These opportunities would need to be subject to business case approval by Housing & New Homes Committee with formal approval sought through Housing &

New Homes, Planning and Policy, Resources and Growth Committees (as required)

## **9 Publicity**

9.1 We will publicise this policy:

- On the council's website
- In the Leaseholders Handbook
- Through staff briefings and training
- Through resident communications e.g. Homing In and social media channels.

Written copies of this policy are available on request.

## **10 Policy review**

10.1 This policy will be reviewed every three years or where circumstances change significantly.

## **11 Related legislation**

- Housing Act 1980 as amended by the Housing Act 1985, Part 5
- Housing Act 2004
- The Housing (Right of First Refusal) (England) Regulations 2005