

Subject: Home Purchase Policy
Date of Meeting: 12 October 2017
Report of: Executive Lead for Strategy, Governance & Law
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Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Committee:

To receive the item referred from the Housing & New Homes Committee for approval:

Recommendation:

- (1) That a budget of £2.000m within the HRA Capital Programme 2017/18 for the purpose of purchasing former council homes, to be funded from Right to Buy receipts (£0.600m) and HRA borrowing and/or reserves (£1.4m) be approved; and
- (2) That it be agreed that for the duration of the pilot scheme, the allocation should seek to provide 75% general needs accommodation unless the business case is not viable, then 25% to temporary accommodation, and will charge social rents up to living wage rents, subject to the business case model (appendix 2 shows that no subsidy is needed).

BRIGHTON & HOVE CITY COUNCIL
HOUSING & NEW HOMES COMMITTEE
20 SEPTEMBER 2017
COUNCIL CHAMBER, HOVE TOWN HALL

Present: Councillor Meadows (Chair) Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Barnett, Druitt, Janio, Lewry, Moonan and Yates.

DRAFT MINUTES

PART ONE

28 HOME PURCHASE POLICY

- 28.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing which explained that the Housing service required a policy on the purchase of homes funded by the Housing Revenue Account (HRA). The council had statutory powers to purchase properties. There was currently no policy framework that enabled officers to decide whether to make offers to buy properties. The report and the accompanying draft policy at Appendix 1 sought to fulfil this requirement and requested budget approval. The criteria for a Home Purchase Policy was detailed in paragraph 4.1. If agreed the policy would be trialled for a year. The report was presented by the Housing Strategy & Enabling Manager.
- 28.2 The Chair reported that two amendments had been received, One from the Green Group and one from the Conservative Group. She invited Councillor Gibson to set out the Green amendment.
- 28.3 Councillor Gibson proposed the Green amendment as follows:
"To amend the recommendations as shown below in bold italics:

That Housing & New Homes Committee:

- 2.4 Recommends to Policy Resources & Growth Committee to approve a budget of ***£1.000m £2.000m*** within the HRA capital programme 2017/18 for the purpose of purchasing former council homes, to be funded from Right to Buy receipts (***£0.300m £0.600m***) and HRA borrowing and/or reserves (***£0.700m £1.4m***).

That Policy, Resources & Growth Committee:

- 2.5 Approves a budget of ***£1.000m £2.000m*** within the HRA capital programme 2017/18 for the purpose of purchasing former council homes, to be funded from

Right to Buy receipts ~~(£0.300m)~~ (£0.600m) and HRA borrowing and/or reserves ~~(£0.700m)~~-(£1.4m)

2.6 For the duration of the pilot, purchases should seek to provide 50% temporary accommodation and 50% general needs. The general needs accommodation will charge living wage rents, providing the business case model, (as calculated in appendix 2) indicates that no subsidy is needed."

28.4 The amendment was seconded by Councillor Druitt.

28.5 Councillor Gibson made the following points: The policy was a positive initiative that was bringing homes from the private sector and making them available for public use. Paragraphs 2.4 and 2.5 of the amendment was saying that the recommendations needed to be bolder than the proposals in the committee report. The Green proposal would double the budget for the purchase of former council houses. Funds were clearly available for the pilot scheme and the pilot would be more representative. There was a need to achieve as much as possible in a time of housing crisis and the Green proposal would give the council more options to spend Right to Buy receipts. 2.6 of the amendment would double the programme and the accommodation achieved through that programme. It was clear that initially, general needs housing could be let in most cases modelled on living wage rents without resort to any subsidy.

28.6 Councillor Mears proposed the Conservative Group amendment as follows:

"To add the new recommendation as shown in bold italics.

That Housing and New Homes Committee add a new 2.6 to state.

2.6 That for the duration of the pilot scheme, the allocation should be for 100% general needs accommodation and will charge living wage rents, subject to the business case model (appendix 2 shows that no subsidy is needed)."

28.7 The amendment was seconded by Councillor Barnett.

28.8 Councillor Mears explained the reasons for the Conservative Group amendment at 2.6 as follows: The council had changed the allocations policy and the majority of all council properties available on Homemove were going to temporary accommodation and Homelessness. This led to concerns that there was little chance of people being allocated property under general needs. The reasons for changing 2.6 to general needs was to provide balance to people on the waiting list to ensure that the council is mindful of all the housing needs in the city. The proposal would release property for temporary accommodation and provide continuity on the estates.

28.9 Councillor Yates pointed out that the policy would be trialed for a year but the money would only be available up to 31st March. He asked for clarity about at what point the money could be considered spent and whether the money could be carried over into the next financial year. Councillor Yates stressed that the living wage rent was higher than social rent. If tenants were to move they would pay a higher rent. It was clarified that the budget agreed would be for 2017/18 up to the end of March. However, if it was felt that the money was not going to be spent in time, officers would with permission, be able to carry the money over through the TBM process. It was confirmed that Living wage rents

were higher than social rents. If tenants moved to a flat that was being purchased by the council, that rent would be higher than rents paid by other tenants in the block.

- 28.10 Councillor Druitt stated that the report did not commit to social rents in the short term. The Green amendment was suggesting that for the pilot rents would be no more than the Living Rent, which was less than the report appeared to propose for the long term.
- 28.11 Councillor Moonan considered the policy to be an excellent initiative and made the following points: Councillor Moonan's understanding of Paragraph 4.4 of the report was that the local housing allowance would be for any temporary or emergency accommodation and the social rent would be for any general needs accommodation, in which case the council would be starting a programme for those tenants on social rent. With regard to the debate around how much was general needs and how much was temporary accommodation, Councillor Moonan was more favourable to the Green Group amendment. Some of the properties that come forward might be appropriate for general needs but other properties might be more appropriate for emergency accommodation and she would want to retain that flexibility. Councillor Moonan stressed that there was a dire need for people in emergency accommodation and she would like to see some of these properties available for these people to move into for more long term sustainable temporary accommodation, and eventually for them to move into the permanent housing stock.
- 28.12 Councillor Mears made the following points: It was important to remember that the council's new homes rents were higher than social rents. The council was building homes at rates that people on low incomes could not afford. The Conservative amendment gave a small shift to general needs and still released people from temporary accommodation. Paragraphs 2.4 and 2.5 of the Green amendment would be supported by the Conservative Group.
- 28.13 The Chair proposed a short break to discuss the amendments. The Committee adjourned at 6.00pm and restarted the meeting at 6.13pm.
- 28.14 Following the adjournment Councillor Mears proposed the following amendment to her amendment.
- "That Housing and New Homes Committee add a new 2.6 to state.***
- 2.6 That for the duration of the pilot scheme, the allocation should be for 100% general needs accommodation and will charge social rents up to the living wage rents, subject to the business case model (appendix 2 shows that no subsidy is needed)."***
- 28.15 Councillor Druitt commented that he was minded to support the Conservative amendment as amended above. Councillor Gibson stated that he was happy with either amendment. When someone transferred in general need that released property for temporary accommodation.
- 28.16 Councillor Moonan stressed that there needed to be flexibility for officers. Property was not always freed up for temporary accommodation. A 50/50 mix would give officers flexibility and let them test the system. This could be changed in a year's time.

- 28.17 The Chair remarked that it was dear to her heart to increase social housing in the city. However, she was mindful of how little council run, council owned, temporary accommodation there was in the city and how this impacted on the council's budget.
- 28.18 Councillor Druitt proposed that amendment 2.6 could state that there should be 75% general needs and 25% temporary accommodation, with social rents up to living wage rents. This proposal was seconded by Councillor Gibson.
- 28.19 The Committee adjourned to further discuss the amendments.
- 28.20 Following the adjournment Councillor Mears proposed the following:

“That Housing and New Homes Committee add a new 2.6 to state.

That for the duration of the pilot scheme, the allocation should seek to provide 75% general needs accommodation unless the business case is not viable, then 25% to temporary accommodation, and will charge social rents up to living wage rents, subject to the business case model (appendix 2 shows that no subsidy is needed).

- 28.21 Councillor Janio seconded the amendment.
- 28.22 The Committee voted on the Conservative Group amendment as set out in paragraph 28.24 above. The amendment was agreed unanimously.
- 28.23 The Committee voted on the Green amendment relating to recommendations 2.4 and 2.5 proposed by Councillor Gibson and seconded by Councillor Druitt as follows: (Councillor Gibson withdrew the Green Group recommendation 2.6).

That Housing & New Homes Committee:

- 2.4 Recommends to Policy Resources & Growth Committee to approve a budget of ~~£1.000m~~ **£2.000m** within the HRA capital programme 2017/18 for the purpose of purchasing former council homes, to be funded from Right to Buy receipts (~~£0.300m~~ **£0.600m**) and HRA borrowing and/or reserves (~~£0.700m~~ **£1.4m**).

That Policy, Resources & Growth Committee:

- 2.5 Approves a budget of ~~£1.000m~~ **£2.000m** within the HRA capital programme 2017/18 for the purpose of purchasing former council homes, to be funded from Right to Buy receipts (~~£0.300m~~ **£0.600m**) and HRA borrowing and/or reserves (~~£0.700m~~ **£1.4m**).

- 28.24 The Green amendment above relating to recommendations 2.4 and 2.5 was agreed unanimously.
- 28.25 The Committee then voted on the substantive recommendations. Recommendations 2.1, 2.2 and 2.3 were agreed as set out in the report. These were approved unanimously.
- 28.26 Recommendations 2.4, 2.5 and 2.6 were approved unanimously as amended.

28.27 RESOLVED:-

- (1) That the Committee agrees the Home Purchase Policy at Appendix 1 which enables the HRA to purchase homes, both through the right of first refusal and on the open market (subject to business case).
- (2) That it is noted that the policy allows the purchase of accommodation up to £250,000 subject to the purchase meeting the policy criteria.
- (3) That it is noted that that the scheme and future budget allocation will be reviewed as part of the HRA budget setting process for 2018/19.
- (4) That the Committee recommends to Policy Resources & Growth Committee to approve a budget of £2.000m within the HRA capital programme 2017/18 for the purpose of purchasing former council homes, to be funded from Right to Buy receipts (£0.600m) and HRA borrowing and/or reserves (£1.4m).

That the Policy, Resources & Growth Committee:

- (1) Approve a budget of £2.000m within the HRA Capital Programme 2017/18 for the purpose of purchasing former council homes, to be funded from Right to Buy receipts (£0.600m) and HRA borrowing and/or reserves (£1.4m).
- (2) Agree that for the duration of the pilot scheme, the allocation should seek to provide 75% general needs accommodation unless the business case is not viable, then 25% to temporary accommodation, and will charge social rents up to living wage rents, subject to the business case model (appendix 2 shows that no subsidy is needed).