



SOUTH
KESTEVEN
DISTRICT
COUNCIL

South Kesteven District Council
Housing Revenue Account
Asset Acquisition and Disposal Policy
2023

Service Area		Housing	
Policy Owner		Director of Housing	
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1. Introduction

The Councils, Housing Revenue Account Acquisition and Disposal Policy applies to the council's acquisition and disposal of land, development sites, residential properties, former council properties, current housing stock and empty homes acquired using Right to Buy receipts, Sec 106 affordable homes funding or HRA reserves to increase the supply of affordable homes and to bring more empty homes back into use.

2. Use of capital receipts acquired through Right to Buy

Under the latest Right to Buy (RTB) regulations owners of former council homes purchased under RTB regulations must, if they wish to re-sell their property within ten years of their initial purchase, offer it to their former landlord (the council), or another social landlord.

Should the sale take place within the first 5 years of their ownership they must also repay a percentage of the RTB discount they have received on the purchase of the property.

Local Authorities have the ability to reinvest RTB receipts within Retention Agreements (so-called 1-4-1 capital receipt agreements) for a period of 5 years. RTB receipts can be used for 30% of the capital costs of purchase and repair of a property or new build on the basis that they provide a one for one replacement for affordable housing (as defined by section 68 (1)(a) of the Housing and Regeneration Act 2008.)

The number of RTB sales over the past five years are shown in the table below.

Year	Number of RTB sales	Receipts £
2022/23	40	3,448,960
2021/22	21	1,645,785
2020/21	28	1,909,290
2019/20	56	3,794,320
2018/19	64	3,649,420

As a result of these sales there is a pressure on the council to spend RTB retained capital receipts for the purposes of replacing social housing. Any underspend of retained capital receipts will have to be returned to the Secretary of State with interest of 4% above the base rate on a day-to-day basis compounded with three monthly rests.

3. Criteria for Acquisition of former council homes

It is proposed that former council properties that are offered back to the council for purchase or are for sale on the open market will be assessed and a business case prepared with a recommendation to either purchase or reject the property. We will aim to purchase as many properties as is required to negate the requirement of returning

any RTB receipts. Properties can be purchased through the Right of Return process or through proactive engagement with local estate agents to identify available properties.

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

- There is a specific housing need for the type, size and location of the property that is being offered, in accordance with the council's housing register.
- A property is considered of strategic importance, for example individual units within a council owned block or located within the council's defined regeneration area.
- The decision to purchase individual properties funded by retained capital receipts will be considered alongside any planned or potential purchase of larger sites/properties.
- Larger sites/properties will be prioritised over individual properties if at any time there is a limit on the availability of the council's retained capital receipts.
- The purchase price and refurbishment costs will be met through RTB receipts and prudential borrowing or resources within the Housing Revenue Account, whichever is determined most financially prudent at the time of purchase.
- The non-availability of any RTB receipts will, however, not restrict the purchase of individual properties if there is still a business case to support the acquisition.
- The viability of the purchase, refurbishment and borrowing costs will be assessed against rent levels as set out in the council's rent policy to ensure that all purchased properties are self-funded and do not exceed the ceiling price. The property is purchased with vacant possession.
- Each party will bear the costs of their own legal and valuation fees.
- Each decision will be made bearing in mind the protected characteristics of the Equality Act.

The following process for the acquisition of former council homes will be adopted:

- Once a property has been identified a HRA Asset Acquisition pro-forma (Appendix A) shall be completed by a Housing Head of Service with sign off from the Director of Housing.
- The pro-forma shall be passed to the Chief Finance Officer or Assistant Director of Finance for authorisation.
- Once authorised the instruction sheet shall be passed to the relevant team/officer or external company for execution.

4. Criteria for Acquisition of strategic land sites and private housing.

The council are on occasions approached directly by landowners/property owners offering to sell vacant, recently developed housing sites or individual private properties. It is proposed that residential sites offered to the council for sale directly or that become available on the open market are assessed to determine if they meet the council's strategic priorities and a defined local housing need.

The decision to purchase sites will be dependent on a business case informed by the completion of a HRA Asset Acquisition pro-forma (Appendix A) and considered on a site-by-site basis which would be determined by the following factors:

- Due to the financial costs and resources required by the council to purchase

land/properties, larger sites will be prioritised over individual properties if resources are limited at any time.

- The viability of the purchase, new build/refurbishment and borrowing costs will be assessed against rent levels as set out in the council's rent policy to ensure that all development/developed sites/private properties are self-funded.
- The council will undertake land valuations (to be appointed internally or externally depending on the expertise/capacity available at the time) and ground surveys where necessary when considering any purchase of land sites.
- The purchase price and refurbishment costs will, in the first instance, be met by RTB receipts with the balance of financed through prudential borrowing or resources within the Housing Capital Programme. The non-availability of any RTB receipts will, however, not restrict the purchase of individual properties if there is still a business case to support the purchase.
- Where RTB receipts are used to purchase sites there is a specific housing need in location that is being offered, in accordance with the council's housing register. Where a site is purchased with existing housing the properties are sold with vacant possession.
- Each party will bear the costs of their own legal and valuation fees.
- Each decision will be made bearing in mind the protected characteristics of the Equality Act.

5. Criteria for Disposal of HRA assets.

The council are on occasions required to consider the disposal of HRA assets, whether that be parcels of land or properties. There can be numerous reasons for disposal of assets, to include, cost prohibitive building types reducing the ability to achieve lettable standards, listed buildings that require extensive and expensive alterations or repairs and small parcels of land that are maintained by the Council that have little value.

The decision to dispose of HRA assets will be considered following the completion of a HRA Asset Disposal pro-forma (Appendix B).

The following process for the disposal of HRA assets will be adopted:

- Once an asset has been identified a HRA Asset Disposal pro-forma (Appendix B) shall be completed by a Housing Head of Service with sign off from the Director of Housing.
- The pro-forma shall be passed to the Chief Finance Officer or Assistant Director of Finance for authorisation.
- Once authorised the instruction sheet shall be passed to the relevant team/officer or external company for execution.
- Each decision will be made bearing in mind the protected characteristics of the Equality Act.

In relation to the disposal of council homes following approval of the proposal the council are required to seek authorisation to dispose from the Secretary of State.

6. Appendix A

HRA Asset Acquisition pro-forma

To be completed in accordance with the SKDC HRA Asset Disposal and Acquisition Policy

Date, Monday, 11 September 2023

Prepared by,

Property address,

Site plan,

Valuation (include refurbishment costs)

Rental value per week (48 chargeable weeks per annum), £

Payback period in years =

Housing need to address (Housing, Supply, Homelessness, Development Opportunity),

Condition,

EPC,

Bedrooms,

Storeys,

Adaptable,

Parking,

Reason for acquisition,

Funding split, (HRA Capital, 1 for 1, sec 106)

Decision taken by,

Finance comments and sign off,

Authorised by,

7. Appendix B

HRA Asset Disposal pro-forma

To be completed in accordance with the SKDC HRA Asset Disposal and Acquisition Policy

Date, Monday, 11 September 2023

Prepared by,

Property address,

Site plan,

Valuation,

Void cost if applicable, £

Rental value per week (48 chargeable weeks per annum), £

Payback period in weeks = Void cost divided by rental income,

Reason for disposal,

Decision taken by,

Finance comments and sign off,

Authorised to apply to Secretary of State by,

Authorisation date,

Secretary of State approval, Yes/No

Secretary of State approval date,