



AGENDA ITEM: 5(k)

CABINET: 10th November 2015

Report of: Assistant Director Housing and Regeneration

Relevant Managing Director: Managing Director (Transformation)

Relevant Portfolio Holder: Councillor J. Patterson

**Contact for further information: Mr B. Livermore (Extn. 5200)
(E-mail: bob.livermore@westlancs.gov.uk)**

SUBJECT: SALE OF HIGH VALUE COUNCIL HOUSES

Wards affected: Potentially Borough wide dependent on valuation of housing properties.

1.0 PURPOSE OF THE REPORT

1.1 To update Members on proposals by Government to force Councils to sell “high value” Council houses when they become empty and to seek authority to progress with sales prior to legislation being introduced.

2.0 RECOMMENDATIONS

2.1 That the Assistant Director Housing and Regeneration proceed to market and sell empty Council houses with potential values as outlined in paragraph 5.4 prior to legislation being passed to force the sale by this Council.

2.2 That the Exemptions in 5.7 are used allowing “high value” properties to be re-let by the Assistant Director Housing and Regeneration in accordance with the Council’s policies and practices.

2.3 That the decision at 2.1 above be reviewed in the light of the Housing Bill being enacted.

2.4 That the Assistant Director of Housing and Regeneration take all necessary actions, including obtaining all consents etc. to raise finance for the HRA from the sale of high value empty properties.

3.0 BACKGROUND

- 3.1 A manifesto pledge, committed the Government to legislate to give Social Tenants in Registered Social Landlords (RSL) property a similar Right to Buy (RTB) their homes as Council Tenants.
- 3.2 A Housing and Planning Bill has recently been announced which, amongst other things, starts the process of forcing Council's to raise funds to pay for the process of forcing Council's to raise funds to pay for the costs associated with introducing the Right to Buy for RSL tenants.

4.0 CURRENT POSITION

- 4.1 The Housing and Planning Bill will give some certainty about the definition of 'High Value'.
- 4.2 My opinion is that this Council will have to make some form of contribution towards this Government initiative either by sale of "high value" homes when they become vacant or some other form of mechanism to raise the finances necessary.
- 4.3 The classification of "high value" properties within the manifesto was defined in the North West in accordance with the table below.

	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5+ bedroom
North West	£90,000	£130,000	£160,000	£270,000	£430,000

5.0 POLICY CONSIDERATIONS

- 5.1 Members could determine that it would not be appropriate to act on this matter prior to the Housing Bill being enacted.
- 5.2 However, it is clear that the Government's intention is for local authorities to fund RTB for RSL's. Additionally, we need to find ways to fund the shortfall in the HRA and/or make savings. With this in mind, I propose that the Council determines a series of values of "high value" properties and when these become empty, these are offered for sale to the market. This will give the opportunity to test this and feedback any short comings and also, most importantly, raise funds for the protection of existing services.
- 5.3 I am proposing a lower valuation figure than the one in the manifesto as I believe that if we use that as the proposal, this would not meet the level of funding necessary.

5.4 The proposed definition of “high value” properties would be:

	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5+ bedroom
West Lancashire	£80,000	£100,000	£130,000	£200,000	Not for Sale

5.5 The impact for selling homes if Members accepted my proposal are obviously dependant on properties becoming vacant which is outside of the Council’s control. However, based on turn over during 2014/15, the forecast for the area and numbers of potential sales as an average year would be as follows:

Area of West Lancashire	Possible vacancies with high value
Altcar	1
Appley Bridge	1
Ashurst	3
Aughton	1
Banks	1
Burscough	3
Hesketh Bank	1
Ormskirk	5
Parbold	1
Rufford	1
Total	18

5.6 If Members agree to this proposal, the marketing and sale of vacant properties would be undertaken in-house in the short term. Detailed costs will be assessed of both marketing and legal costs so that comparisons can be made and ensure this offers the Council and Tax Payers value for money.

5.7 I propose that the following exemptions are made to the Policy to sell “high value” properties when these become vacant. These are:

- 5 bedroomed homes.
- Sheltered accommodation.
- Properties that have been adapted for the disabled.
- Properties at the discretion of the Assistant Director Housing and Regeneration in consultation with the Portfolio Holder.

5.8 The reason I am seeking exceptions are as follows:

- We have not many 5+ bedroom homes and these are needed from time to time to house large families.
- Sheltered accommodation is excluded from Right to Buy and it would be consistent to exclude for the same reasons
- Properties that are adapted do not always sell well and the preference would be to retain these and allow residents who need the facilities to

move into the property and any property release could be considered for sale if it met the necessary criteria.

- This is a “catch all” to give flexibility. It may be used if properties were not selling and rather than being kept empty or disposed for reduced prices, the option of re-letting may be a preferred route.

6.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

6.1 Sales of “high value” properties would be targeted to areas with higher than average property prices which would be areas like Ormskirk, Burscough, Northern Parishes and Ashurst. The impact will be, unless replacement homes for people on limited income can be provided in their areas, there may not be a mixed and balanced community. This may force some residents with caring responsibilities to secure accommodation elsewhere and therefore not be readily available eventually to support other elderly or dependant residents.

7.0 FINANCIAL AND RESOURCE IMPLICATIONS

7.1 It is envisaged that sale of “high value” properties will generate an estimated £1.8M per annum (for a full year). This estimate is based on historical information of properties becoming empty in areas of higher values and does not necessarily mean that this will occur.

7.2 The funds generated will be used to protect the HRA from either the reduction in rent which will impact from 2016/17 or forward the monies to support the RTB for RSL's.

7.3 There may be an impact on the Capital Programme as there will be fewer Council homes because of these sales and therefore less opportunity for our tenants to exercise their RTB. It is difficult to quantify this impact with any certainty.

8.0 RISK ASSESSMENT

8.1 The sales of “high value” properties are a standard process that the Council have the necessary skills and experience in managing and therefore this initiative is assessed as low risk and will be managed accordingly.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Minute of Landlord Services Committee (Cabinet Working Group) 4 November 2015 (Cabinet only)