

# **Acquisition of Registered Providers Street Properties Policy**

**September 2021**

## **1.Introduction and aim of the Policy**

- 1.1 Spelthorne Borough Council is dedicated to providing local affordable housing. This policy seeks to enable Knowle Green Estates Limited (KGE), a housing company owned by Spelthorne Borough Council, to acquire the specific type of properties to suit local housing needs, and to set up disposal protocols for Registered Providers (RP) with stock in Spelthorne to ensure that affordable housing remains within the borough. The property for acquisitions can be sourced either from RP's, if deemed appropriate to local housing needs, or from the open market.
- 1.2 This Policy document is to be followed when considering the acquisition by KGE of an interest in property or disposal of a residential property by Registered Provider (RP), or other public bodies within Spelthorne Borough. For the purpose of this policy, reference to "property" means any residential property including freeholds and leaseholds, and to disposals of all interests in residential property by a RP or other public body within the borough of Spelthorne.
- 1.3 The properties are to be acquired within Spelthorne Borough and allocated in accordance with the Council's Allocation Policy. Property is a corporate resource, and it can be held and acquired in accordance with the Housing Strategy 2020-25. Spelthorne's priorities are:
- Enabling the delivery of more affordable homes
  - Promoting Independence and Wellbeing
  - Preventing Homelessness and Rough Sleeping
- 1.4 This policy has been designed to ensure that affordable housing remains within the borough, and that additional specialised types of properties, can be acquired by, KGE to meet local housing needs.

## **2. Background**

2.1 General powers to acquire land and property under the Local Government Act 1972. (Section 120) enable local authorities to acquire property for any of their functions, or for the benefit, improvement or development of their area. Local Authorities are empowered to acquire land notwithstanding that the land was not immediately required for that purpose.

2.2 In addition, The Local Government Act 2000 introduced additional 'wellbeing' powers, which provide councils with the power to do anything that they consider is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of their area. This includes the power to incur expenditure, including land acquisition.

2.3 KGE is committed to holding a portfolio of social housing properties within the borough and to setting up an acquisition delivery programme, where specific types of accommodation are identified, e.g. disabled adapted or accommodation for larger families.

2.4 Spelthorne Borough Council is committed to providing affordable housing in the borough including specialised accommodation for residents with particular needs

2.5 This policy sets out the principles by which, KGE, may acquire properties, with Council funding to meet local housing needs.

### **3. Approach to acquisition**

3.1 KGE will only consider taking on the management of acquisitions where it:

- delivers affordable homes, which the market fails to provide, prioritising people who are on the Council's Housing Register,
- delivers much needed housing, including where the acquisition furthers the provision of services for the community by third parties.

\* And where it will be viable for KGE to be able to afford to make the loan repayments to SBC

3.2 All such acquisitions by KGE will follow an agreed programme based on the specific housing needs. All acquisitions and funding will be authorised by the Council either by Committee or under the "urgent action process", where

appropriate, and by the Board of KGE. The Council may fund an acquisition through a range of options, for example, borrowing, partnership with the public or private sectors. The Council currently has £1m in Capital Programme approved which potentially could be funded by borrowing, which would be a starting point for the delivery of the programme.

3.3 Where the need for a property is identified, the Council's Property team will establish if any suitable property is available on the market with our partner organisations. Once a property is identified the Council's property team will conduct negotiations on behalf of KGE.

3.2 The following criteria can be used in the decision process to identify a suitable property:

- Price and value
- Availability of the property
- Condition of the property at purchase
- Nature of the interest offered i.e., freehold, leasehold, etc
- Any potential liabilities
- Future rental values and affordability
- Sustainability e.g., the energy performance of the property
- Does the property meet the housing need identified

#### **4. Acquisition Process**

4.1 When a property has been identified for acquisition (either an RP property or from the open market), a property valuation and a financial appraisal will be prepared to establish the financial and budgetary implications of acquiring the property at the negotiated price.

4.2 In all cases where the valuation advice suggests that the open market value of the property is below the negotiated price, the report must demonstrate there are overriding or special factors that justify the purchase at over value.

4.3 Following the appraisal process of the possibility of an acquisition, all negotiations will remain "without prejudice", "subject to contract", subject to the required authority and, appropriate surveys.

- 4.4 All appropriate surveys, investigations and searches must be satisfactorily completed or provided, following which the Council's Legal Services team will be instructed to carry out all necessary due diligence and complete the documentation associated with the acquisition.

## **5. Disposal of properties by Registered Providers (RP) or public bodies within Spelthorne Borough**

5.1 The Council has two main concerns regarding the disposal (selling) of RP or public body properties within Spelthorne:

- Which properties are being disposed of;
- The reduction of affordable homes in the borough.

5.2 The Council requests that RPs and public bodies contact Spelthorne Borough Council at the earliest opportunity about which properties they are proposing to dispose of, prior to any decision being made on the disposal, as the Council may wish to:

- Acquire the property through KGE
- Discuss possible alternative options.
- Seek to influence the choice of individual properties to be disposed of.

5.3 In relation to disposals, RPs and public bodies should have regard to the policies relating to affordable housing in the Local Plan published by Spelthorne Borough Council in conjunction with this Policy. The Council wishes to work together with RPs and public bodies to explore opportunities to maximise alternatives to disposal to meet both the Council's and the RPs housing needs.

5.4 The Council requests that RPs and public bodies share details of proceeds from in borough disposals. This is for transparency reasons and to enable the Council, in conjunction with the RP and public bodies, to consider options to recycle and retain monies within the borough.

## **6. Nomination of acquired properties**

- 6.1 KGE will enter into a nomination agreement with Spelthorne Borough Council and Spelthorne Borough Council for all properties acquired by KGE under this policy and Spelthorne Borough Council shall nominate tenants, in accordance with Spelthorne Borough Council's allocations policy.

## **7. Monitoring and Review**

- 7.1 This policy is owned by the Strategic Lead, Housing, who is responsible for its monitoring and review.
- 7.2 This policy will be reviewed regularly to ensure that it addresses local housing needs and not less than every five years.