

DATA LABEL: PUBLIC



COUNCIL EXECUTIVE

WEST Lothian Council OPEN MARKET ACQUISITION SCHEME REVIEW

REPORT BY HEAD OF HOUSING, CUSTOMER AND BUILDING SERVICES

A. PURPOSE OF REPORT

The purpose of this report is to seek approval from Council Executive following a review of the Open Market Acquisition Scheme including proposals for a programme of selling council owned units which become void in mixed tenure blocks where the council is a minority owner.

B. RECOMMENDATION

It is recommended that Council Executive:

1. Notes that since the council's Open Market Acquisition Scheme was last reviewed in 2021, 97 former council houses have been bought back under the terms of the scheme between 2021/22 and 2023/24;
2. Notes the proposed changes would be to declare as surplus for disposal on the open market, property where the Council (i) is the minority owner in a tenement block of mixed ownership; and (ii) there is no sitting tenant in the council owned property to allow such property to be sold with vacant possession, and;
3. Approves the proposed changes to the policy.

C. SUMMARY OF IMPLICATIONS

I	Council Values	<ul style="list-style-type: none"> • Caring and Compassionate • Open, Honest and Accountable • Collaborate, Inclusive and Adaptive
II	Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	The Open Market Acquisition Scheme was agreed at Council Executive on 19 January 2021.
III	Implications for Scheme of Delegations to Officers	None
IV	Impact on performance and performance Indicators	None

V	Relevance to Single Outcome Agreement	We make the most efficient use of our resources by minimising our impacts on the built and natural environment.
VI	Resources – (Financial, Staffing and Property)	<p>The Housing Capital Investment Programme 2024/25 to 2027/28 approved by West Lothian Council on 22 February 2024 includes £4.484 million for Open Market Acquisitions.</p> <p>Scottish Government grant of at least £40,000 per unit is available for Open Market Acquisitions in West Lothian during 2024/25.</p>
VII	Consideration at PDSP	The proposed changes to the Open Market Acquisition Scheme were reported to Housing Services PDSP on 6 June 2024.
VIII	Other consultations	Legal Services; Tenants Panel

D. TERMS OF REPORT

D.1 Background

In 1997 the council agreed a policy of buying back former council houses. When the policy was first introduced, the purchase price was the original selling price and included reasonable legal costs of the transaction.

On 15 June 2009, the policy was changed and it was agreed that the council would carry out a formal valuation of each property being considered for buy back. It was agreed that the offer price would be the lesser of the actual selling price or 80% of the current market value. Only three properties had been bought back using this policy since 2009.

The policy was reviewed in 2016 and again in 2021, as a means to increase purchases and as a result increase West Lothian Council's lettable stock. On 19 January 2021 the reviewed policy was agreed by Council Executive. The current policy has seen continued success with 97 properties purchased between 2021/22 and 2023/24.

While the open market acquisition scheme has demonstrably increased council-owned properties, further considerations are necessary for optimal housing stock management in relation to the mixed tenure estate.

D.2 Challenges in Tenements with Minority Ownership

The Right to Buy scheme has resulted in some tenements where the Council owns only a small portion of the properties. This scenario can create difficulties when addressing essential repairs to common areas due to the involvement of private owners. Addressing these challenges requires a multifaceted approach and a clear policy regarding funding for essential maintenance remains crucial.

The council's commitment lies in upholding the condition of all council tenanted properties, regardless of complexities arising from mixed ownership. Situations where council properties suffer from issues due to unrepaired shared areas (such as roofs)

solely because of disagreements with private owners regarding repair costs are unacceptable.

The council acknowledges the challenges associated with maintaining properties in mixed-ownership tenements and on the 5 October 2021 the council approved changes to the Scheme of Assistance.

The revised Scheme of Assistance clarified the council's approach to repairs in mixed tenure estate buildings and included the use of the Tenement Management Scheme by the council where the council has majority share.

Whilst the use of this Legal framework has strengthened the council's ability in to address situations where council tenants suffer solely because of disagreements with private owners regarding repair costs, obstacles remain when the council is in a minority ownership position, and is faced with private owner resistance taking responsibility for their financial contributions towards shared repair costs.

D.3 Proposed Changes to the Current Policy

In situations where the council is in minority ownership or where reaching an agreement with private owners regarding necessary repairs proves impossible and the property becomes void it is proposed to designate the property as surplus to requirement and offer the property for sale on the open market once it naturally becomes vacant.

All disposals of Housing Revenue Account (HRA) assets must strictly adhere to relevant statutory obligations and Scottish Ministers' requirements, and as such it is proposed to incorporate a disposal element into the existing Open Market Acquisition Scheme (OMAS) policy.

This addition would provide the council with the flexibility to address situations where specific properties no longer align with long-term housing requirements. Furthermore, it could potentially free up resources for investment in areas experiencing higher demand or property types with greater need, through further open market acquisitions or new build council housing.

D.4 Proposed criteria of the Open Market Acquisition Scheme

The essential criteria for purchasing back properties are as follows:

- The property must have originally been part of West Lothian Council or Livingston Development Corporation (LDC) housing stock;
- The property must be sold with vacant possession and be empty at the time of completion of purchase;
- The seller must have made their own arrangements for re-housing;
- We cannot accept properties where a tenant would have to leave the property to enable a sale;
- Properties should be for sale on the open market and each party will bear the costs of their own legal and valuation fees;
- A value for money assessment will be carried out, considering the combined cost of purchase and improvements/repairs. The council would seek to secure the best value price that does not exceed the Home Report valuation plus a repairs allowance of £8,500;
- The property must be located in an area where there is demand for the type and size of property being purchased.

The desirable criteria for buying back properties are as follows:

- The property for sale is in one of the highest demand areas in West Lothian;
- The purchase of the property would result in the council being the sole owner in a block;
- The purchase of the property would result in a long-term empty home brought back into use.

The proposed criteria for disposal of a council property are as follows:

- The council is in minority ownership within the tenement block;
- Reaching an agreement with private owners regarding necessary repairs has proven unsuccessful;
- The property has naturally become void;
- Funds received from any disposal would be re-invested into new supply.

D.5 Funding

The existing capital budget for OMAS will continue to be used to purchase former local authority houses. Scottish Government grant of at least £40,000 per unit is available for buying back former council houses in West Lothian during 2024/25.

It is anticipated that there will be an allowance for legal fees and marketing, which would be netted off any income received, with all surplus income being re-invested in new council housing supply to ensure there would be no reduction in council housing stock through this policy.

E CONCLUSION

In conclusion, the proposed changes aim to strengthen the council's control over its housing stock, address repair challenges in mixed-tenure situations, and guarantee adequate housing for its tenants. The proposed changes support effective asset management of the council housing estate and will ensure properties continue to meet Scottish Housing Quality Standards.

F. BACKGROUND AND REFERENCES

West Lothian Council's Open Market Acquisition Scheme – Report to Council Executive by Head of Housing, Customer and Building Services – January 2021

West Lothian Council's Open Market Acquisition Scheme – Report to Council Executive by Head of Housing, Customer and Building Services – 11 October 2016

Open Market Acquisitions – Report to Services for the Community PDSP – 22 November 2016

Appendices/Attachments: Appendices/Attachments: None

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