

WEST OXFORDSHIRE DISTRICT COUNCIL
CABINET WEDNESDAY 15 NOVEMBER 2017

HOUSING PROPERTY PURCHASE

REPORT OF THE GROUP MANAGER FOR REVENUES & HOUSING SUPPORT

(Contact: Jon Dearing, Tel: (01993) 861221)

1. PURPOSE

To consider purchase of a property the purpose of which is set out in the report.

2. RECOMMENDATION

That approval is given to purchase a property for the purposes set out in the report, using funds already approved within the capital programme.

3. BACKGROUND

- 3.1. On 13 April 2016 Cabinet approved the transfer of £250,000 from the Affordable Housing fund to the capital programme to purchase a property to be used within the Council's Syrian Refugee programme.
- 3.2. These funds were not used to purchase a property for the Refugee programme as the Council was able to secure private and social rental properties for all six families.
- 3.3. The above recommendation seeks approval to still use these funds for a property purchase but for use as Emergency Housing accommodation rather than use within the Syrian Refugee programme.
- 3.4. The Council generally has around five households in emergency accommodation at any one time. The average period of occupation is 28 days. It is therefore anticipated that this property will be fully utilised.
- 3.5. The Council has historically used expensive (out of District) Bed and Breakfast accommodation and this property purchase will form part of the plan to provide more sustainable emergency accommodation solutions that meet the needs of our customers but are cost effective.

4. ALTERNATIVES/OPTIONS

The use of Cottsway Housing Association void properties will continue to be used in parallel.

5. FINANCIAL IMPLICATIONS

- 5.1. It is anticipated that a two bedroom flat can be acquired (inclusive of acquisition costs) around £180,000; so well within the £250,000 already within the capital programme.
- 5.2. The anticipated rental stream (via rent or Housing Benefit) based upon Local Housing Allowance rates will be £621.00 per calendar month. Maintenance and compliance requirements area anticipated to be in the order of £100.00 per calendar month.
- 5.3. The net yield would be just under 4% per annum. It would be reasonable to assume capital appreciation on the property in the order of 5% per annum giving a total

return in the order of 9% per annum. This sits comfortably above the investment property target of 6% per annum (albeit this excludes capital appreciation).

- 5.4. However, the total spend on emergency accommodation (after the deduction of Housing Benefit entitlement) was £38,200 in 2016/17 and this purchase will therefore contribute to significantly reduced costs during 2017/18 and future years.

6. REASONS

To seek approval to purchase a property for use as part of the Council's emergency accommodation portfolio.

7. RISKS

- 7.1. As the property would be used as (licenced) emergency accommodation on very short-term occupations, there is no risk in terms of tenants having the opportunity to purchase the property under the Right to Buy scheme.

Jon Dearing

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Background Papers:

None