

**REPORT TO: NEIGHBOURHOOD SERVICES COMMITTEE – 22 AUGUST 2022**

**REPORT ON: OPEN MARKET HOUSING ACQUISITION STRATEGY**

**REPORT BY: EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES**

**REPORT NO: 134-2022**

## **1.0 PURPOSE OF REPORT**

- 1.1 To seek Committee approval to increase the supply of affordable housing for social rent through the purchase of suitable properties on the open market, to complement the existing new build Council housing programme and the activities of our Strategic Housing Investment Plan (SHIP) partners in the local social housing sector.
- 1.2 The report recognises an existing Committee approval, (Article IV of the minute of meeting of this Committee of 10th December 2007, report 624-2007 refers) but seeks approval to extend the strategy beyond the purchasing of properties that are either suitable or adaptable to meet the needs of disabled people only, to include the acquisition of any property type in the Dundee City area that is required in terms of demand, which can be funded from available resources and the purchase of which is deemed to represent best value to the Council.

## **2.0 RECOMMENDATIONS**

- 2.1 To note the contents of the report and approve the proposed open market acquisition strategy to support existing actions to increase the supply of affordable housing for social rent in the City.
- 2.2 To delegate authority to the Executive Director of Neighbourhood Services and Executive Director of City Development, to approve appropriate purchases in line with the agreed strategy.

## **3.0 FINANCIAL IMPLICATIONS**

- 3.1 The HRA Capital Plan 2022-2027, as approved, makes reference to resources for the Increased Supply of Council Housing. If approved, the Open Market Acquisition strategy will be funded from this resource.

The cost of Open Market Acquisition will include the property purchase, any required Land and Buildings Transaction Tax, associated fees, the cost of bringing the property up to the Scottish Housing Quality Standard (SHQS) and any appropriate energy efficiency improvements.

- 3.2 Authority to acquire properties as outlined in the Strategy is delegated to the Executive Director of Neighbourhood Services and Executive Director of City Development.
- 3.3 Committee will be updated on the outturn of the strategy within the annual reporting of the Strategic Housing Investment Plan.

## **4.0 MAIN TEXT**

- 4.1 There continues to be a considerable demand for affordable social rented housing in the City and it is vital we look at different ways of increasing the supply of homes to help meet this need. The Open Market Acquisition Strategy aims to help increase the supply of good quality affordable social rented housing to meet the housing needs in the city. The scheme will supplement the existing and planned new build programme.

- 4.2 Dundee City Council has set out ambitious plans to improve and expand our housing stock in Dundee through our Strategic Housing Investment Plan (SHIP) in partnership with our Registered Social Landlords (RSL) partners. If approved, the Open Market Acquisition Strategy will allow us to purchase homes of the size and type that we have the greatest demand for. As per the approved Strategic Housing Investment Plan (SHIP) Scottish Government has confirmed that £89.112m is available for increasing the supply of social rented housing for the period 2021/22-2025/26. This funding includes up to approximately £40,000 per open market acquisition, should this strategy be approved.
- 4.3 This strategy would enable the Council to purchase properties that are for sale on the open market or are about to go on the open market, some of which may be former Council houses purchased through the Right to Buy, while others may be purchases of new build properties from developers.

Through the Open Market Acquisition Strategy, we will also work closely with Dundee City Councils Empty Homes Officer to help bring empty properties back into use that have been lying empty or derelict for a considerable period.

- 4.4 The main criteria set against the purchase of homes on the open market would be:
- a) There must be sufficient evidence of unmet need and type of property in addition to ensuring best value to the Housing Revenue Account as agreed by the Executive Director of Neighbourhood Services.
  - b) The property must be for sale with vacant possession i.e.- there should be no sitting tenant. We would not purchase where doing so would make the current occupier(s) homeless.
  - c) The property must meet the criteria for Scottish Government Affordable Housing Supply funding.
  - d) A condition assessment of the property should be undertaken and associated repair and improvement costs, legal and purchase costs will need to be assessed to consider if acquisition represents best value.

Where the acquisition relates to a new development/off the shelf purchase, then the properties should meet, or be adaptable to, our design standards and should be reviewed by Housing Asset Management Unit (HAMU) and City Development Property and Design Team. Design/specification costs, legal and purchase costs will need to be assessed to consider if acquisition represents best value.

- 4.5 It is recommended that the Executive Director of Neighbourhood Services and Executive Director of City Development is given delegated authority to approve purchases as part of the Open Market Acquisition Strategy and that financial reporting is included within the Capital Monitoring reports submitted to Policy & Resources Committee.

## **5.0 POLICY IMPLICATIONS**

- 5.1 This report has been subject to an Integrated Impact Assessment to identify impacts on Equality & Diversity, Fairness & Poverty, Environment and Corporate Risk. An impact, positive or negative, on one or more of these issues was identified. An appropriate senior manager has checked and agreed with this assessment. A copy of the Integrated Impact Assessment showing the impacts and accompanying benefits of / mitigating factors for them is included as Appendix 1 to this report.

## **6.0 CONSULTATIONS**

- 6.1 The Council Leadership Team and Dundee Federation of Tenants Associations have been consulted in the preparation of this report and agree with its content

## 7.0 **BACKGROUND PAPERS**

None

Elaine Zwirlein  
**Executive Director of Neighbourhood Services**

Louise Butchart  
**Head of Housing & Construction**

8<sup>th</sup> August 2022



## **Appendix 1: Integrated Impact Assessment Report**

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Document Title	Open Market Acquisition Strategy
Document Type	Strategy
New / Existing Document?	Existing
Document Description	There continues to be a considerable demand for affordable social rented housing in the City and it is vital we look at different ways of increasing the supply of homes to help meet this need. The Open Market Acquisition Strategy aims to help increase the supply of good quality affordable social rented housing to meet the housing needs in the city. The scheme will supplement the existing and planned new build programme.
Intended Outcome	To seek Committee approval to increase the supply of affordable housing for social rent through the purchase of suitable properties on the open market, to complement the existing new build Council housing programme and the activities of our Strategic Housing Investment Plan (SHIP) partners in the local social housing sector.
Document Start Date	01/09/2022
Document End Date	31/08/2025

How will the proposal be monitored?	<p>Housing and Construction Services will monitor through existing structures including Capital Monitoring, Executive Group and service performance dashboards.</p> <p>Progress will be reported within the Neighbourhood Services Plan and Strategic Housing Investment Plan. Regulatory monitoring through the Scottish Social Housing Charter.</p>
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## **Equality, Diversity & Human Rights**

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Age				X	
Disability				X	
Gender Reassignment				X	
Marriage & Civil Partnership				X	
Pregnancy & Maternity				X	
Race / Ethnicity				X	
Religion or Belief				X	
Sex				X	
Sexual Orientation				X	

Are any Human Rights not covered by the Equalities questions above impacted by this report?	None to address
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## **Fairness & Poverty**

### **Geography**

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Strathmartine (Ardler, St. Mary's & Kirkton)				X	
Lochee (Lochee / Beechwood, Charleston & Menzieshill)				X	
Coldside (Hilltown, Fairmuir & Coldside)				X	
Maryfield (Stobswell & City Centre)				X	
North East (Whitfield, Fintry & Mill O'Mains)				X	
East End (Mid Craigie, Linlathen & Douglas)				X	
The Ferry				X	
West End				x	

## Household Group

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Looked After Children & Care Leavers	X				The increase in social housing supply will have benefits for all household groups
Carers	X				
Lone Parent Families	X				
Single Female Households with Children	X				
Greater Number of Children and/or Young Children	X				We have a high demand for larger family homes, this strategy would allow us to purchase properties to meet the demand
Pensioners – single / couple	X				
Unskilled Workers or Unemployed				x	
Serious & Enduring Mental Health Problems	X				
Homeless	X				
Drug and/or Alcohol Problems				x	
Offenders and Ex-Offenders				x	

## Socio-Economic Disadvantage

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Employment Status				X	
Education & Skills				X	
Income				X	
Fuel Poverty				X	
Caring Responsibilities (including Childcare)				X	
Affordability and Accessibility of Services				X	



## Inequalities of Outcome

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Cost of Living / Poverty Premium				x	
Connectivity / Internet Access				x	
Income / Benefit Advice / Income Maximisation				x	
Employment Opportunities				x	
Education				x	
Health	x				Increasing housing supply so more people have a permanent home of their own has documented benefits to overall health and wellbeing
Life Expectancy				x	
Mental Health	x				Increasing housing supply so more people have a permanent home of their own has documented benefits to overall health and wellbeing
Overweight / Obesity				x	
Child Health				x	
Neighbourhood Satisfaction	x				4.3 highlights this strategy will work with our Empty homes officer to bring homes back into use that were previously left vacant
Transport				x	

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## Environment

### Climate Change

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Mitigating Greenhouse Gases		x			
Adapting to the Effects of Climate Change		x			

## Resource Use

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Energy Efficiency and Consumption		x			
Prevention, Reduction, Re-use, Recovery, or Recycling of Waste		x			
Sustainable Procurement		X			

## Transport

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Accessible Transport Provision		X			
Sustainable Modes of Transport		x			

## Natural Environment

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Air, Land and Water Quality		x			
Biodiversity		x			
Open and Green Spaces		x			

## Built Environment

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Built Heritage		x			
Housing	x				Increasing the number of social homes in the city, particularly where we have existing tenement

					stock, allows us to improve standards in terms of SHQS and EESSH2 requirements
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### Strategic Environmental Assessment

Use the [SEA flowchart](#) to determine whether your proposal requires SEA.

No further action is required as it does not qualify as a Plan, Programme or Strategy as defined by the Environmental Assessment (Scotland) Act 2005	x
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### Corporate Risk

	Positive	No Impact	Negative	Not Known	Explanation of Impact / Mitigations / Unknowns
Political Reputational Risk		x			
Economic / Financial Sustainability / Security & Equipment		x			
Social Impact / Safety of Staff & Clients		x			
Technological / Business or Service Interruption		x			
Environmental		x			
Legal / Statutory Obligations	x				Housing to 2040 strategy from Scottish Government highlights the need to increase the number of social homes across the country. This strategy is one of the ways we can achieve this in Dundee.
Organisational / Staffing & Competence		x			

One of the three statements below will apply

The risk implications associated with the subject matter of this report are 'business as normal' risks and any increase to the level of risk to the Council is minimal. This is due either to the risk being inherently low or as a result of the risk being transferred in full or in part to another party on a fair and equitable basis. The subject is routine and has happened many times before without significant impact.	x	(No further response needed)
There are moderate levels of risk associated with the subject matter of this report. However, having undertaken a full analysis of the upside and downside risks there is a clear benefit in what is proposed and we are satisfied that adequate controls are available to mitigate the downside risks. The downside financial exposure to the Council is		(No further response needed)

less than £xxx and this together with other areas of risk can be effectively managed.		
There are considerable risks associated with the subject matter of this report. This is due either to a significant departure from the previous norm of Council activity, the nature of the proposals or the potential for substantial financial or other impact to be sustained. The report incorporates the potential for losses in excess of £xxx should the downside risk materialise and/or there is potential for the Council's decision to be challenged and for significant reputational damage.		<i>Proposed Mitigating Actions:</i>

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**Committee Report Number 134-2022**