

Paragon Housing Association Limited

POLICY:	Development (Buy Back On Open Market)
POLICY AREA:	Programme & Regeneration
DATE APPROVED:	17th August 2022
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Policy Aims

The Association recognises that there are potential benefits to our stakeholders through the purchase on the open market of properties which meet particular criteria and this policy sets out how the Association seeks to acquire such properties.

The aims of the policy are

To purchase housing units on the open market for social rent

- that are, or have the potential to, prevent or block current and future investment works to meet the SHQS¹, EESSH² or subsequent national standards required of Registered Social Landlords
- where there are management issues such as long-term vacant owner occupied housing affecting tenants' or residents' safety, security or enjoyment of their home or where properties and communal parts are falling into disrepair. This is not an exclusive list.
- which would meet particular needs of the Association's client group where demand for social rent is established. It is recognised that the property may be purchased and subsequently remodelled
- contributes towards achieving the Association's majority ownership in individual blocks or estates
- which aligns with the Association's current and future investment programmes

Potential properties may be identified through direct approaches by owners or their authorised agents, other stakeholders or by research by Association staff.

Eligibility & Valuation

The aim of the policy is to be clear and transparent on the eligibility of a property to be considered under the BBOOM policy and the basis on which the valuation will be carried out and on what basis the offer to purchase will be made.

Properties must fulfil the following eligibility criteria

Eligible Properties

- Priority for acquisition will be properties which were formerly owned by Scottish Homes/SSHA³/Paragon Housing Association or properties in a block or estate where the Association already owns a property. This includes estates where

¹ SHQS – Scottish Housing Quality Standard

² Energy Efficiency Standard Social Housing

³ Scottish Special Housing Association

properties have been acquired by routes such as Mortgage to Rent, BBOOM or other approved acquisition routes.

- Properties may be acquired in other estates or areas that meet the Other Eligibility Criteria. These acquisitions must be based on a sound business case and the acquisition must be approved by the Director/Depute Director
- Properties should be in the Association's area of operation as defined by local authority boundaries

Other Eligibility Criteria

- The property should already be on the open market at the date of application
- A current Home Buyers Report must be available
- Conditions regarding titles and factoring responsibilities will be taken into account
- The seller must have made arrangements for their own rehousing
- Acquisition of a property must be in line with the requirements of the payments & benefits Entitlement Policy and Scottish Housing Regulator requirements
- The property must be retained for social rent
- Any Housing Association Grant conditions must be met
- Any outstanding communal repair charges or factoring charges owed to the Association will be offset against the purchase price

Valuation

- The initial value of the property will be determined by the District Valuer with a 15% tolerance up or down on the final offer to be made. Offers made in advance of DV report being received, will be subject to the DV report and tolerance noted. (This route may be used when market is fast moving)
- There may be particular circumstances for the offer to be decreased/increased where:
 - It has been identified that the level of work required to bring the property up to SHQS/ESSH is deemed to be such that the District Valuation price renders the property not economically viable **and/or**
 - It can be clearly demonstrated that DV's valuation is significantly different to that of purchase prices of recently sold, similar properties in the same locality **and**

- Such offers to purchase must be based on a sound business case and the offer must be approved by the Director/Depute Director

Enquiries and Applications

- Staff will deal with general enquires from anyone seeking information about how the scheme operates but will not commit to the eligibility of any particular property for the scheme
- Where an applicant or their authorised agent wishes the Association to consider the purchase of a property an Application Form will require to be completed
- Declarations of interest must be made by the applicant in line with the Association's Payments Benefits and Entitlements Policy
- Where an application is made and the property is deemed eligible however there is no budget provision in that year the applicant will be informed and given the option to withdraw the application or have it carried forward into the following year but with no commitment to future funds.

Feasibility / Financial Appraisal

- A forward programme of Buy Back acquisitions will be included in the business planning process
- An annual budget will be set by the Management Committee
- A scoring matrix will be used to determine priority for acquisition
- Those properties scoring highest will be given priority depending on budget provision
- A feasibility assessment of each acquisition will be carried out by the Programme & Regeneration Manager, Housing Manager and Finance Manager

Approval

- The Association reserves the right to refuse any application
- All acquisitions will be approved by the Director / Depute Director
- All acquisitions are subject to the availability of budget

Monitoring

- Regular reports will be made to committee on acquisitions and costs
- The policy will be reviewed in 2 years

Complaints

Any complaints regarding the operation of the scheme will be dealt with in line with the Association's Complaints Policy.