

Surplus Student HMOs in Ormskirk - Motion included on the Agenda by Our West Lancashire Group

That this Council notes that there is currently a significant surplus of student HMOs in Ormskirk with 69 properties comprising 334 rooms currently available for the 2018/19 academic year on one website alone on 4 July 2018, with at least nine of these properties being currently advertised for sale on the same website.

That it be further noted that the Council has available £850,823 in so-called 'one-for-one' monies which must be used to provide additional council housing by 31 December 2019 or be returned to Government and that currently the Council has no plans to expend these funds and therefore they are at risk of being lost to the Borough.

That the Director of Housing and Inclusion be asked to submit a report to Cabinet on 11 September and Council on 17 October 2018 to allow councillors to consider establishing a £1 million fund using £300,000 of so called 'one-for-one' monies, with match funds being provided from the appropriate HRA reserve, to purchase empty student HMO properties in Ormskirk and establish them as council homes for families.

Background Notes to the Motion:

1. The financial figures contained in the motion and confirmation of no current plans to expend the 'one-for-one' monies have been provided by Group Accountant – Housing & Inclusion
2. The website used to assess the current surplus student HMOs in Ormskirk was www.rightmove.co.uk
3. HRA reserves increased from £2.084 million to £5.627 million during 2017/18 and officers have confirmed that the match funding required is available.
4. The report that would be submitted to September cabinet and October council would consider how the fund would be managed to ensure that the council only purchased properties suitable to become council homes for families with minimal repairs/investment and at an appropriate purchase price.
5. It should be noted that the council has used this method to purchase existing houses and convert them to council homes in the recent past.
6. Importantly, the financial position of the council is protected. Firstly, we would not be compelled to return £300,000 of capital receipts to Whitehall. Secondly, the properties purchased would likely remain council houses for the long-term due to the cost-floor rule.
Cost-Floor Rule: For any property that we acquire the cost floor rule applies for 15 years: That is that most of the accumulated costs – including our cost of acquiring and making good the property – can be offset against the discount that the prospective purchaser may get. In other words, if the cost floor is more than the value of the property at the time of a Right to Buy application, the purchaser will have the right to buy the property but they will probably have to pay the full market value for it. In the unlikely event that a tenant did this and paid full market value, we would be able then to purchase a similar property as a council home elsewhere in the vicinity with the proceeds of sale.
7. **The need for such additional affordable social housing:**
120 households in Ormskirk are estimated to require affordable housing each year and for example in Derby ward some 39.3% of households would be unable to afford market accommodation of a suitable size in West Lancashire if they were to move home now. This compares with 26.2% of all households in the Borough (Parish and Ward Housing Need 2017 – WLBC Website)