

KNOWES HOUSING ASSOCIATION LTD	
Policy Name	Rental off the Shelf (ROTs) Buyback programme
Policy Category	Finance
Policy Number	FP19
Date to Finance, <u>Audit and Risk</u>-Sub	26th November 2024 <u>26th May 2026</u>
Last Review Date	25th January 2024 <u>26th November 2024</u>
Next Review Date	As required for <u>May 2029 (or as required)</u>
Links to other policies	Mortgage to rent policy/Buy back policy
Consultation	Management Team/Finance, <u>Audit and Risk</u> Sub Committee

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Summary of changes to policy

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- Updates to wording as highlighted in red/ updates to show as Finance, Audit and Risk subcommittee
- Reference to the WDC Strategic Housing Investment Plan (SHIP) which includes 32 buy backs for Knowes over the next four years
- Updated to reference budgets for 2026-27
- Recommendation taken out at end of Policy -as this is updates to an existing policy and not a new one

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1. Introduction

- 1.1. ~~It is proposed that we introduce t~~This policy has been introduced to cover those situations where we are able to purchase properties directly from owners in the area which will meet the requirements of the Scottish Government Rental off the Shelf (ROTs) Buyback Programme.
- 1.2. The purpose of the ROTs programme is to enable social providers to achieve the priorities and objectives for affordable housing in their area as set out in the Local Authority Strategic Housing Investment Plan and in doing so will award a grant of either £50,000 or 50% (whichever is the lower) towards the purchase of individual properties.

- 1.3. West Dunbartonshire Council's Local Housing Strategy 2022-2027 continues to place an emphasis on regeneration, acknowledging the need to improve many of WDC neighbourhoods and to provide housing which meets the changing requirements of our communities.
- 1.4. However in addition to the regeneration agenda, the Council is keen to encourage an increase in the housing supply more generally across West Dunbartonshire to mitigate [the existing housing emergency](#), an ageing demographic, address waiting list demand and to stimulate the local economy. The Council is also keen to increase properties for residents with disabilities, in particular wheel chair accessible properties and also properties which will house large families.
- 1.5. West Dunbartonshire Council has in place a Rapid Rehousing Transition Plan (RRTP) setting out their approach to minimising the time a household remains homeless and ensuring they can access appropriate housing as soon as possible. The Management Committee on behalf of Knowes Housing Association Ltd has approved the proposal to alleviating the homeless issue within WDC by agreeing to consider a maximum of 50% of our lets to section 5 referrals for 2023/24.
- 1.6. The ROTs programme provides support to the Rapid Rehousing Transition Plan and other strategic WDC and KHA priorities. WDC's SHIP proposes an annual quota of 50 properties at a £50K AHSP (or 50% of purchase price, to a maximum of £50K) rate, giving a spend of £2.5M each year on the Buy Back /ROTS scheme, or £12.5M over a five year period. [Of this 32 buyback properties have been allowed for by Knowes Housing Association Ltd over the next 4 years.](#)

2. Background

The Scottish Government Affordable Housing Supply Programme – Processes and Procedures states that:-

The Affordable Housing Supply Programme can support the purchase of individual 'second-hand' residential dwellings under certain circumstances (see below), as well as the refurbishment of existing residential properties and the conversion of non-residential property where these projects are considered a strategic priority.

Where it can be demonstrated that the purchase of individual 'second-hand' residential dwellings meets a clear strategic purpose and can be clearly seen to support the achievement of the priorities and objectives set out in the relevant local authority's Local Housing Strategy, the Affordable Housing Supply Programme can support this under the following scenarios:-

- *the dwelling is for sale on the open market and will be purchased with vacant possession (unless otherwise agreed with the Scottish Ministers)*
- *the dwelling is not for sale on the open market but will be purchased with vacant possession (securing stock where there is a limited supply and limited*

development opportunities, and/ or securing stock for households with specialist requirements, are examples of the type of situation where this might be deemed appropriate)

and

- *the dwelling is not for sale on the open market and the owner occupier (a) cannot afford the required maintenance or refurbishment of their home (particularly where this is in a mixed tenure block) and (b) would therefore wish to sell their home and remain in it as a tenant in the social rented sector. Under this scenario, the value of the property must be in line with the terms of the Mortgage to Rent scheme, and the amount of money that the household can retain post sale must mirror the terms of the Mortgage to Rent scheme (with any capital and equity in excess of the limits set for this scheme requiring to be forwarded to the Scottish Government and used to support the Affordable Housing Supply Programme). It would also need to be clearly demonstrated that:*
 - ✓ *the purchase facilitates the consolidation of stock ownership for managing specific planned stock improvement/ refurbishment works*
 - ✓ *the local authority is unable to facilitate the planned works from local resources under discretionary power to assist*
 - ✓ *the owner occupier has received (a) advice about their financial situation from an FCA authorised independent financial adviser and (b) independent legal advice on the terms of the proposed sale and subsequent tenancy agreement*
 - ✓ *the owner occupier will employ a solicitor to act on their behalf with respect to the sale of their home,*

and

- *the owner occupier is not eligible for support under the Home Owners' Support Fund.*

3. Proposal

- 3.1. It is the intention of Knowes Housing Association to [continue to](#) participate in the ROTs scheme – subject to agreement from Scottish Government, alignment with WDC priorities and grant availability as well as our own budget constraints and suitable properties being for sale.
- 3.2. Part of KHA's Business Strategy is to:-
 - **GROW** by increasing the quality, choice and number of houses available
- 3.3. Three of our key Business Objectives are to:
 - Identify and pursue development and expansion opportunities
 - Monitor demand and supply in our area of operation and address demand issues which arise within our stock

- Work with partners to promote the social and economic regeneration in our area of operation

3.4. Knowes Housing Association currently has in place a Buy Back Policy and a Mortgage to rent policy – both of which allow the purchase of properties directly from owner occupiers in the area. We believe that this policy enhances our existing properties and will enable Knowes HA to actively seek out suitable properties for sale in the area through those advertised via local estate agents as well as through owners approaching KHA directly.

3.5. We will prioritise those properties which meet the requirements of the SG Affordable Supply Programme, WDC priorities as set out in their Local Housing Strategy and KHA's Strategy and Objectives as detailed in our Business Plan.

3.6. The properties we will consider buying back are as follows:-

- Properties which fulfil the requirements for larger family homes
- Low rise properties which will be adaptable for accessibility requirements and other medical needs
- Properties in mixed tenure blocks where the purchase would allow the maintenance and/or refurbishment of the building.
- Properties which are in high demand where there is a limited supply in the area

3.7. We will mainly consider those properties in our own area of operation, Faifley and Duntocher and parts Hardgate and prioritise properties which were originally sold through the right to buy legislation. Where reasonable we may consider properties built by private developers in our area which have become available.

3.8. Budget proposal – Depending on availability of properties it is proposed that set budgets which will allow Knowes to purchase at least 32 8 properties from 2026 to 2030 November 3 to March 2025. Therefore per annum wWe will allow – 8properties with an average market price of £100,000 = £800,000 less maximum grant available £50,000 x 8 = £400,000. The contribution from Knowes will be around £400,000. This spend has been allowed for in the revised current year budget projections.

3.9. The spend above are only for comparative functions as larger family homes have a market value higher than £100,000 and flats will generally have a lower value than £100,000. For properties with a MV of greater than £100k there may be additional grant funding available.

3.8. 3.9-3.10. The budgets for 2026-2724/25 and cash flow going forward has been pdatedupdated for the Management Committee as at November 2024January 2026 and will continue to be update each year to show our continued ability to be part of the ROTs programme-

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4. Risk Assessment/Mitigation

- 4.1. ***The income from the rental income streams does not outweigh the costs to Knowes of purchasing the property.*** To minimise this risk a financial appraisal of each property will be carried out before the purchase is made. The present value of future cash flows will also be taken into consideration.
- 4.2. ***The owners are unhappy with the price offered for their property.*** Under this scheme the Association will be unable to offer more than market value for the property as set out in the Home Buyers Report. This will be made clear to the seller. We will expect all properties we make an offer for to have an independent valuation carried out.
- 4.3. ***The repairs outstanding to bring the property into lettable condition have not been assessed correctly and the Association has to pay more on repairs once the property is purchased.*** To minimise this risk the Association's Maintenance Officer will inspect each property prior to offer. Separate gas and electricity checks will be carried out.
- 4.4. ***There is a legal issue with the ownership/title of the property.*** The Association's solicitors will be asked to complete all conveyancing work on the property in question and complete relevant searches as required.
- 4.5. ***There is no demand for the property and void time may be long.*** We will only purchase those properties that we know there is a clear demand for – at present our void numbers are low and our waiting list has over ~~700~~850 applicants. Only ~~64-66~~ properties became available for let in ~~the nine months ending 31-12-2022 the year ending 31st March 2023~~ and ~~the majority of our property are let in under 2 weeks.~~ our average time taken to relet properties is 8.2 days. In the current economic climate we do not have enough properties to meet demand.
- 4.6. ***We are unable to act timeously to purchase properties.*** The grant funding available for be agreed for the year in advance and an application made through the Scottish Government Housing and Regeneration Programmes (HARP) website and approved by the Scottish Government and West Dunbartonshire Council for inclusion in their SHIP. Throughout the course of the year two members of the Management Team will have delegated authority to make and an offer for a property which meets the rules of the scheme and will report to the Committee on house purchases on a monthly basis. The budget for house purchases will be agreed by the Finance, Audit and Risk Subcommittee at the start of each year and reviewed mid-year with an option to increase the budget available throughout the year depending on opportunities to purchase new homes and the funds becoming available.

5. Equalities Commitment

- 5.1. Knowes Housing Association Ltd is committed to tackling discrimination on the grounds of sex or marital status, racial grounds, or grounds of disability,

age, sexual orientation, language, social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions.

- 5.2. KHA seeks to embrace diversity, promote equal opportunities for all and eliminate any unlawful discrimination in all areas of our work.
- 5.3. Any customer who feels aggrieved by their treatment under this Policy can ask for a copy of the Association's Complaints Policy which is available at the Associations office.
- 5.4. Customers also have a right to complain to the Public Services Ombudsman (First Tier Tribunal in the case of factored owners). The Complaints Policy details the way in which Customers can complain and the timescales for responding.
- 5.5. A separate equalities impact assessment has been carried out for this policy.

6. Data protection

- 6.1. Knowes Housing Association Ltd is a Data Controller registered with the Information Commissioner's Office (Registration No: Z5301532).
- 6.2. Knowes Housing Association is committed to ensuring the lawful, fair and transparent management of personal data. We have a separate Data Protection Policy in place which sets out how we do this. A copy of the Data Protection Policy is available on our website or from our office on request.

Recommendation

~~Committee approval is sought for the implementation of the ROTs policy for 2024/25 to purchase 8 properties through this scheme at a net cost of £400,000 to Knowes HA.~~

Committee decision:-