

Edgbaston District Committee – 17th November 2016

Feedback on Matters of Urgent Local Concern arising from the Edgbaston District Committee of 7 September 2016.

1. Minute No. 314 – 7 September 2016

Members enquired about RTB properties which were then sold on to people who were landlords and were then rented out. Councillor D Alden questioned why the City Council could not buy the properties back – she understands that the City Council did not as they were advised that this was not cost effective. Councillor D Alden then asked what the costs of building a new home would be as compared to repurchasing a RTB property. If it was not significantly cheaper, she questioned why the City Council could not use the money to repurchase rather than rebuild.

“If an individual exercises their Right to Buy and then subsequently sells the property within 5 years, the Council is entitled to recover a proportion of the RTB discount on a sliding scale (100% in the first year, reducing to 20% in the fifth year). Furthermore, the Council does have the right of first refusal to buy back properties previously sold under RTB legislation (this would be at market value for the property) within the first 10 years after the property is sold. Both of these charges are registered with Land Registry at the point of sale, therefore the ex-tenant is unable to sell the property on the open market without seeking permission from BCC first.

The Council does not currently, as a rule, exercise this right of first refusal (the approved budget does not include provision for this). The typical cost of building a new BMHT house is now in the region of £120,000. Whilst this may be similar to the cost that would be incurred in buying back properties that have previously been sold under the RTB in some areas (or even slightly higher), it is likely to be somewhat lower in other areas, particularly for larger properties. However:

- a. New build contributes to housing growth, whilst buying back former RTB properties does not.
- b. The new build properties are of a substantially higher standard than many former RTB properties – with a substantially longer remaining useful life and lower maintenance and capital investment requirements in the short to medium term”.

This doesn't give a specific price breakdown; however the above answer is based on average prices, and does provide an explanation about why BCC doesn't enter into a buy back arrangement. I know some local authorities do buy back properties, however these are mainly the ones which do not have a new build programme.