
Low Cost Housing Capital Receipts

Relevant Portfolio Holder		Councillor Sue Baxter
Portfolio Holder Consulted		Yes
Relevant Head of Service		Judith Willis Assistant Director of Community and Housing Services
Report Author : Amanda Delahunty	Job Title	Housing Development and Enabling Manager
	Contact email:	a.delahunty@bromsgroveandredditch.gov.uk
	Contact Tel:	01527 881269
Wards Affected		No specific ward relevance
Ward Councillor(s) consulted		Not Applicable
Relevant Strategic Purpose(s)		Housing
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

Cabinet is asked to RECOMMEND that

- 1) all low cost housing receipts are used by the Council to increase the supply of temporary accommodation by purchasing suitable dwellings.
- 2) delegated authority be granted to the Assistant Director Community and Housing Services following consultation with the Cabinet Member of Housing to purchase properties.

2. BACKGROUND

- 2.1 Bromsgrove District Council launched a low cost housing scheme approximately 28 years ago which provided an opportunity for those on lower incomes and first time buyers to purchase properties at a discounted rate owning 70% of the value, with the local authority owning the remaining 30% interest in the property. There is no rent charged on the 30% and therefore no management of the scheme required on a day to day basis as they are simply a type of low cost home ownership product. Through this scheme the Council currently holds a 30% share in each of the 111 remaining low cost housing properties.

- 2.2 A report was taken to Cabinet on the 1st February 2017 and Members resolved that: “As and when these properties are offered for sale, so far as possible the Council’s share should also be sold and; That any Capital receipt be ring-fenced to provide funding to assist the Council in meeting its Strategic Purpose “Help me find somewhere to live in my locality”. The Strategic Housing Team manage the process of the sale on behalf of BDC.
- 2.3 A further report was taken to Cabinet on the 10th December 2024 which recommended that:
- i. the low cost housing receipts from the sale of these properties are used to purchase existing properties, flip shared ownership into social or affordable rented accommodation or invest in new build developments with Bromsgrove District Housing Trust (bdht) to increase the supply of affordable housing and temporary accommodation to meet the growing demand.
 - ii. delegated authority be granted to the Assistant Director Community and Housing Services following consultation with the Portfolio Holder for Strategic Housing to approve individual proposals for new developments or the purchase of existing satisfactory dwellings and flipping Shared Ownership to affordable or social rented properties and the spend relating to these, as and when they are brought forward.
- 2.4 Due to capacity issues this initiative has not been taken forward. The requirement for additional temporary accommodation is still needed in order to reduce the use of Bed and Breakfast (B&B) and therefore officers propose that this funding is used by the Council to purchase properties to be used as temporary accommodation.
- 2.5 It is anticipated that by utilising Low Cost Housing Receipts in a variety of ways, a new supply of temporary accommodation can be made available to support the Council to improve the quality of temporary accommodation and reduce the use of B&B’s, ensuring that the Government’s target that families do not occupy B&B accommodation for more the 6 weeks is achieved.

3. OPERATIONAL ISSUES

- 3.1 The additional resource required to implement this initiative will be absorbed by the Redditch Borough Council Housing Development Officer posts.

- 3.2 It is proposed that officers will look at either purchasing properties from developers delivered through Section 106 requirements or with estate agents for the purchase of suitable open market dwellings. This work will be carried out by the Redditch Borough Council Housing Development Officers and time taken recharged to Redditch.
- 3.3 The management of the properties will be undertaken by a Registered Provider who has experience of dealing with Temporary Accommodation under a Service Level Agreement (SLA) following an appropriate procurement exercise. The management of the SLA will be carried out by the Housing Strategy Team alongside their management of the Housing Agency Agreement with Bromsgrove District Housing Trust.

4. FINCANCIAL IMPLICATIONS

- 4.1 The low cost housing receipts currently stand at £620,812.26 with a further two sales expected within 2026. These will be utilised to bring forward more temporary accommodation.
- 4.2 Purchases from the open market would be subject to an estate agent valuation and purchases from a developer under a section 106 affordable housing contribution would be subject to a RICS (red book) valuation. The expected associated costs with the purchase are £2,000 per property
- 4.3 These properties would provide an asset to the Council that are likely to increase in value over time based on the current housing market.
- 4.4 The cost of running the new temporary accommodation would be met within the existing temporary accommodation budget and rental income during occupation. The running costs of these properties is expected to be £6,500 per unit.

5. LEGAL IMPLICATIONS

- 5.1 The proposals detailed in this report will support the council in meeting its duties under the Housing Act 1996 and the Homelessness Reduction Act 2017. In addition, B&B accommodation is not deemed to be suitable for pregnant women and families with children, and for this reason is unlawful if used beyond 6 weeks as set out in the 2003 Bed and Breakfast Order. Longer term use of B&B accommodation puts the local authority at risk of legal challenge, reputational damage and/or a 'maladministration' finding by the Ombudsman.

- 5.2 The Council is able to hold up to 1,000 properties without the requirement to implement a Housing Revenue Account.
- 5.3 The Housing Act 1985 Part 2 Section 9 permits a local authority to build/acquire new housing.

5 OTHER IMPLICATIONS

Local Government Re-organisation

- 6.1 Any assets held by the council will be transferred to the new unitary authority that will have responsibility to provide temporary accommodation.

Relevant Council Priority

- 6.2 Housing – this approach will ensure more good quality temporary accommodation is available.

Climate Change Implications

- 6.3 This initiative to increase the supply of temporary accommodation aligns with Bromsgrove District Council's commitment to environmental sustainability and climate change mitigation. The increasing frequency and severity of extreme weather events and the cost-of-living crisis, exacerbated by climate change, contribute to rising homelessness. By providing good quality temporary accommodation, this initiative will help protect vulnerable households from the direct and indirect impacts of climate change.

Equalities and Diversity Implications

- 6.4 The delivery of good quality temporary accommodation will have a positive impact on those who are homeless.

7. RISK MANAGEMENT

- 7.1 Unless the supply of temporary accommodation is increased across the District the council will be unable to meet its obligations in respect

of homeless families and costs of extended periods in B&B accommodation and temporary accommodation will continue to rise.

- 7.2 Placing families in B&B accommodation where facilities are shared with vulnerable adults and with households not known to the placing authority creates additional safeguarding risks.

8. APPENDICES and BACKGROUND PAPERS

Background Papers

Cabinet Report 10th December 2024 : Bromsgrove Low Cost Housing Capital Receipts and Increasing the Supply of Temporary Accommodation Report

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Sue Baxter Cabinet Member for Planning, WRS and Strategic Housing	23.6.26
Lead Director / Head of Service	Judith Willis Assistant Director Community and Housing Services	19.6.26
Financial Services	James Walton, Section 151 Officer	23.6.26
Legal and Democratic Services	Nicola Cummings, Principal Solicitor – Governance and Jess Bayley-Hill, Principal Democratic Services Officer	24/06/26
Policy Team (if equalities implications apply)	Emily Payne	N/A

BROMSGROVE DISTRICT COUNCIL

Cabinet
2026

Wednesday 22 July

	Engagement and Equalities Officer	
Climate Change (if climate change implications apply)	Matthew Eccles Climate Change Manager	23.6.26