



31 July 2017

Circular: Housing 29/2017

To each Director of Service (Housing)

Buy & Renew Scheme – Application Forms

Dear Director,

Further to previous correspondence of 14 March on this Scheme, attached are application forms for use in respect of funding drawdown requests under 'Buy & Renew'.

To summarise the main points of the Scheme —

- It is to support LAs and AHBs* to purchase and renew housing units in need of remediation, and make them available for social housing use; (**AHBs using CAS*)
- It also supports strategies on vacant homes and urban renewal (which are to be published shortly). For urban/town/village renewal purposes, the focus can be on older stock, particularly as part of the response being made in tackling dereliction and improving streetscapes/supporting renewal;
- In line with the upcoming vacant homes strategy, the Buy & Renew scheme also supports the purchase and renewal of vacant properties of any age, for social housing use;
- It is expected that Buy & Renew properties would have been vacant for a period before being acquired for social housing purposes. Confirmation that this is the case will be sought on Form BR.1. Where a property submitted under the Scheme has been occupied not long before acquisition, you should clarify the reasons as to why it is suitable as a Buy & Renew property;

- The Buy & Renew scheme should complement the Repair & Leasing Scheme, as LAs and AHBs can approach owners of vacant, privately-owned houses in need of repair/remediation, with the option to either lease/repair the housing unit, or to buy and repair/remediate the unit. Feedback from a number of LAs is that Buy & Renew is being identified as a good option in a number of cases where repair costs are above those provided under the Repair & Leasing Scheme and where the property owner is willing to sell;

Costs within the acquisition cost guidelines

- The correspondence of 14 March identified that where properties can be acquired and remediated at a combined cost at or below the 'acquisition cost guideline' of an equivalent unit, no prior sanction is required from this Department. As with the approach to costs for standard 'acquisitions' - see Circular: Housing 41/2016 of 12 October 2016 on 'Acquisition of Properties for Social Housing' - there are *lower, upper* and *average* cost ranges for each LA area and each property type. As with standard acquisitions, LAs have delegated sanction to 'Buy & Renew' individual properties (i.e. acquire and remediate) at a combined cost up to the 'upper range' of the acquisition cost guidelines.
- However the aggregate average cost of all acquisitions plus remediations, should not exceed the 'average/benchmark' figure for each local authority;
- There is no requirement under Buy & Renew for a particular balance between the costs for the acquisition versus remediation. For example, a property could be bought for €110,000 and remediated for a further €50,000 or the figures could be the other way round (acquisition cost €50,000 and remediation costs of €110,000);

Costs above the acquisition cost guidelines

- For Buy & Renew properties where the combined cost of the acquisition and remediation is anticipated to be more than the value of the 'upper range' acquisition cost for an equivalent unit, a submission should be made in advance to the Department;
- A detailed condition survey of the premises prepared by a suitably qualified competent person must be carried out in advance of signing of contracts to be forwarded with the

submission. The survey should facilitate the most accurate estimation possible of expected remediation costs. It should address the structural soundness of the building and the items that are listed in annex 1 of the new BR.1 form, at a minimum;

- It is recognised that greater costs may arise under Buy & Renew through tackling older stock or town centre stock, where there is a broader objective such as tackling dereliction and/or improving streetscapes/supporting urban/town/village renewal. A brief explanation of the reasons for undertaking a higher cost project, along with the detailed condition survey and budget estimate, might also be usefully accompanied by photographs. The clearer that you can set out the logic and circumstances in which a higher cost project is being undertaken, the quicker that a Departmental response can be provided;
- Individual LA targets are not being set for the Buy & Renew Scheme. Progress across all LA areas will be monitored via the ongoing contact between your teams and the DHPLG Social Housing Capital Investment Unit. It's recognised that there may be different potential for Buy & Renew implementation across different LAs. However, all LAs are asked to pursue options and potential to use the Buy & Renew approach;

Building Regulations / Audit / Registration of Title / Statistical Returns

- In all cases the dwellings, once completed, must comply with Building Regulations and the Housing (Standards for Rented Houses) Regulations 2017;
- All activities by local authorities under this scheme will be subject to audit from time to time. Local authorities will be required to demonstrate that they have achieved Value for Money and that their aggregate average price of all purchases is close to the 'average/benchmark' for their local authority. Detailed condition surveys should also be retained for audit inspection;
- Local authorities are required, under the provisions of section 23 of the Registration of Title Act 1964, to register their freehold or leasehold interest in a property within six months of the conveyance of that property taking place. You are asked to ensure that your obligations under this Act are carried out without delay;
- Please ensure that all units delivered under Buy & Renew are included in the quarterly statistical returns for the supply of social housing which your local authority provides to

the Department's Strategic and Business Support Unit so that they can be accounted for and included in official data for the supply of new social housing units.

New Forms BR.1 and HCA 3B

Forms BR.1 and HCA 3B have been created for exclusive use with the Buy & Renew scheme. **BR.1** provides a cost estimate for the project and **HCA 3B** is for vouching expenditure (prior to drawdown with a HCA 4 form). Where delegated sanction is used, the BR.1 form does not need to be sent to the Department until the LA is ready to claim the funding.

Costs

Unvouched legal and professional fees can be claimed on the acquisition up to a maximum of €3,700. Where fees for the acquisition exceed this amount, vouched details of the costs will be required. Vouched professional fees associated with renovations can be claimed up to 7.5% of the refurbishment costs.

AHBs and Buy & Renew

A new CAS 'Call for Proposals' will issue shortly and under this, the option for AHBs to Buy & Renew properties for CAS-eligible clients will be available on the same basis as set out above for LAs. As with all CAS developments, the delivery by AHBs of new social housing via Buy & Renew should be in consultation with the relevant LA.

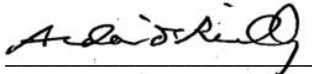
Counting/Reporting Buy & Renew Units

Going forward, there will be a need to report on delivery of new social housing units through the Buy & Renew scheme. Therefore, it will be important that forms BR.1 and HCA 3B are used for all cases, as a means of recording the properties delivered under the Scheme.

As with all construction and acquisition activities, it's the responsibility of LAs and AHBs to comply with whatever public procurement rules apply in each case.

We look forward to continued co-operation with you and your teams in relation to the Buy & Renew Scheme. Any queries in relation to the Scheme should be sent to buyandrenew@housing.gov.ie

Yours faithfully,



Aidan O'Reilly

Principal

Social Housing Capital Investment Unit