

Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendix A is not available for public inspection as it contains or relates to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Subject Heading:	<i>Permission to Bid for the GLA Council Housing Acquisitions Programme</i>
Decision Maker:	<i>Councillor Ray Morgon – Leader of the Council</i>
Cabinet Member:	<i>Councillor Paul McGeary – Lead Member for Housing</i>
ELT Lead:	<i>Paul Walker – Interim Director of Housing & Property</i>
Report Author and contact details:	<i>Kirsty Moller – Head of Programme & Support</i> <u>Kirsty.Moller@havering.gov.uk</u> T: 01708 434707
Policy context:	<i>This decision supports the Council's ambitions for providing genuinely affordable housing</i>
Financial summary:	<i>This report requests permission to bid for GLA funding for 160 housing property acquisitions across two financial years. The expected grant bid will be around £24m, with match funding provided via the Housing Revenue Account (HRA)</i>
Reason decision is Key	<i>(a) Expenditure or saving (including anticipated income) of £500,000 or more</i>

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Date notice given of intended decision:	<i>20th November 2023</i>
Relevant Overview & Scrutiny Committee:	<i>Places Overview & Scrutiny</i>
Is it an urgent decision?	<i>No</i>
Is this decision exempt from being called-in?	<i>No</i>

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents

Place - A great place to live, work and enjoy (X)

Resources - A well run Council that delivers for People and Place.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

For the reasons set out within this report, it is recommended that the Leader of the Council approves a grant funding bid to the Greater London Authority for up to £24m under the Council Housing Acquisitions Programme.

The grant bid is for the acquisition of circa 160 affordable homes to be owned and let by the Council at social rent levels.

Match-funding for the acquisitions comes from the Housing Revenue Account and is included within the latest HRA Business Plan, approved at Cabinet on 7th February and Council on 28th February 2024.

AUTHORITY UNDER WHICH DECISION IS MADE

According to Part 3 Paragraph 2 of the Council's constitution "Powers of the Executive" – the Leader of the Council may choose to execute functions personally where the function is usually delegated to Cabinet.

And may exercise any Executive functions personally provided notice is given to the Proper Officer.

In this instance, the submission of grant bids over £500,000 is usually delegated to Cabinet, as per "2.1 General functions of Cabinet".

(q) To approve applications for the submission of bids for grants and other financial assistance which require the provision of additional finance or match funding or are

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likely to lead to residual costs or implications for the Council or where the amount of the grant application exceeds £500,000.

STATEMENT OF THE REASONS FOR THE DECISION

Background:

The GLA recently launched a new Council Homes Acquisition Programme (CHAP), in response to London's urgent need for social housing and in recognition of the current increased costs of building new homes. The programme aims to deliver 10,000 new homes by enabling councils to purchase homes to increase housing supply and reduce the financial pressures of homelessness costs on Council budgets.

The CHAP programme presents an excellent opportunity to utilise external grant funding towards the costs of acquisitions from April 2024, which will provide suitable accommodation for Havering residents with housing needs. The additional units delivered will increase the supply of good quality affordable housing in the borough and reduce demand for temporary accommodation which is a significant cost to the Council's general fund budget.

Havering has a strong track record for delivering affordable housing through GLA-funded programmes, having secured over £66m in grants for new build schemes as well as £8.2m for the Right to Buy Back acquisitions fund and £6.3m for the current Refugee Housing Programme which concludes in March 2024.

The Housing Services Team has a team of officers already in place working on acquisitions of affordable housing, delivery of the additional homes in this grant bid would be contained within the existing team's capacity. The GLA affordable housing programme is overseen by the Head of Programme & Support in the Housing & Property directorate, monitoring and grant management for this programme would also fall within existing arrangements.

Programme Requirements:

The programme is for housing acquisitions, which can be undertaken through a number of different routes including, but not limited to:

- purchase of ex-council homes that were sold via Right to Buy
- purchase of street properties
- purchase of 'off the shelf' properties
- purchase of properties off plan

Completed acquisitions must meet the following funding criteria:

- Acquisitions and grant claims must be completed by 31 March 2026
- Properties will be self-contained, no shared accommodation will be funded
- Properties must be in a fit state to occupy for at least 30 years, with no known plans for demolition within that timeframe
- Properties will be maintained to Decent Homes standard after acquisition

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- Properties will reach EPC level D
- Rent levels must be set at social rent (long-term housing) or up to affordable rent levels (temporary accommodation)

Building Safety:

Acquisitions must meet the following three building safety standards:

- Applicants must undertake reasonable endeavours to verify that no combustible materials are known to be used in the external walls of any homes or buildings, regardless of their height. The external wall excludes building features which are set out in Regulation 7(3) of the Building Regulations, such as door frames and window frames
- Applicants must register any in-built electrical products, such as white goods, with the manufacturers' registration service for all homes
- Applicants should include information about product registration, product recalls and electrical safety in the residents' pack or manual for all homes.

Grant Rates & Payments:

- Grant rates are negotiated and assessed based on estimated property costs, there is a cap of £200,000 per unit for a social rent home or £85,000 per unit for an affordable rent home.
- Grant payments are completed in two tranches, 90% at contract exchange stage (subject to evidence of the agreement for sale or lease) and the remaining 10% is claimed at completion stage, the point the property is fit for letting.
- The match-funding required for the delivery of the proposed 160 homes would be provided by the Council's Housing Revenue Account (HRA).

Allocations:

- Once properties reach the Council's lettable standard, the properties would be made available for lettings to Havering residents in accordance with the Council's allocations policy

Recommended Acquisitions Mix

The recommended funding bid consists of a 50/30 mix per year of new build and pre-owned properties, with a focus on buying good quality affordable housing, including family-sized homes.

New build properties are typically larger due to recent changes in space standards, and typically 1-2 bedrooms (new 3 bedroom+ homes prove less viable to build and therefore less likely to be available to purchase from developers).

The 3-4 bedroom homes would be purchased from the open market, or via the council implementing its right of first refusal, where the property was previously sold through the Right to Buy. These pre-owned homes are likely to be higher in void costs as we ready them for the first letting and bring them up to Decent Homes standard.

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The relevant costs of acquiring the suggested property mix are included in Exempt Appendix A, along with other relevant financial information.

OTHER OPTIONS CONSIDERED AND REJECTED

Use Alternative Funding to Deliver the Affordable Homes

Other Grants:

There is no other grant funding source available that would provide a similar level of subsidy for housing acquisition activity.

Right to Buy (RTB) Receipts

RTB receipts could be used to a slightly lower level of funding, but are also limited according to the amount of council homes sold. RTB receipts would deliver greater overall benefit if directed toward the Council's regeneration programme, especially on shared ownership homes where grant rates are typically much lower.

RTB receipts are also limited by the Acquisitions Cap, which forms part of the RTB agreement, this limits the number of homes supplied using RTB receipts via acquisitions, as opposed to new builds. The cap for 2024/25 is 50% and for 2025/26 acquisitions are capped at 40%.

Having 160 new homes supplied via RTB receipts would exceed the Acquisitions Cap and would leave limited receipts to provide other much-needed affordable housing through new build programmes.

Therefore, both options were considered and rejected.

PRE-DECISION CONSULTATION

No formal consultation is required in order to implement the recommendations in this report.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Kirsty Moller

Designation: Head of Programme & Support (Housing & Property)

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Signature:



Date: 09/04/2024

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.

Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything an individual can do, subject to any statutory constraints on the Council's powers. The recommendations in this report are in keeping with this power and the Council has the power to receive grant funding.

This decision sets out the information relating to the grant bid only, any acceptance of funding and the entering into of a new grant contract will be subject to a further report setting out related information and implications, and subject to the Council's executive decision process. Officers will ensure they are cognisant of the funding conditions associated to with the grant and agree the Council is able to accept and perform its obligations

For the reasons set out above, the Council may proceed to the grant funding bid.

FINANCIAL IMPLICATIONS AND RISKS

The Council Housing Acquisition Programme (CHAP) has no fixed grant rates and is awarded on the basis of achievability and viability of providing the required additional homes. Homes can be either new build or previous-occupied properties, grant is capped at £200k per home.

The reasoning behind the suggested property mix is included in the main public report and is based on expected availability of the various property types, by bedroom number.

Funding bids are open for the delivery of homes up until March 2026, a 2 year bid is recommended at 80 properties per year to:

- a) Make best use of a time-bound external funding opportunity which is not guaranteed every year
- b) Make use of current staff resources within the Housing Sales & Marketing Team (the funding also helps cover their costs)

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- c) Provide opportunity for a strong bargaining position for the council in the current 'buyer's market' where prices are typically lower than in recent years

Financial Benefits:

The Council is experiencing high demand for council housing, exacerbated by the recent cost of living crisis and rise in homeless cases seen across London. The acquisition of 160 properties provides an opportunity to increase the Council's housing stock with good quality homes, and potentially offset costs in the general fund from homeless cases and expensive temporary accommodation.

A successful grant bid would provide much-needed financial assistance to the acquisitions programme, reducing costs in for homelessness and temporary accommodation in the general fund.

The costs are as follows:

The average daily cost to the Council, this year, for a single person staying in hotel accommodation is £73. The average cost for a family is £91.

The average net cost of PSL (temporary accommodation) properties are shown in the table below.

Property By Bedroom Size	Average Annual Cost per Property (£)
1	3,867
2	4,898
3	4,121
4	4,646

Rental Charges:

The GLA requires permanent homes provided through this programme to be set at social rent levels, which are estimated below based on the property value assumptions used in table 1 and 2 in exempt appendix A.

Social rent levels are the lowest available rent levels for council properties, and therefore the most affordable type of housing that the council can provide. Rent charges at these levels would be fully covered by housing benefit.

Social Rent Charges:

The following table estimates the social rent charges per week based on the estimated property values used in tables 1 and 2 in exempt appendix A.

Social Rent Estimates	1Bed	2Bed	3Bed	4Bed	Total
Bed Size	1	2	3	4	
Total	116.33	129.89	149.52	163.44	134.73

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Financial Risks:

GLA programmes require regular monitoring, reporting and liaison with the GLA North East Area Team.

This report deals explicitly with the funding bid, however a further report would be required setting out any terms and conditions of the CHAP funding contract. This would include clawback provisions in the event of non-delivery or a contract breach.

All GLA projects are subject to possible Compliance Audit, records must be maintained and information made available to an independent auditor in the event that the project is selected for a compliance audit.

Further financial detail is included in Exempt Appendix A.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no Human Resources implications arising from this proposed decision. Both the delivery of acquisitions and programme management functions required for this programme will be contained within existing staff structures within the Housing & Property directorate.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

The grant bid set out in this report would benefit individuals and families within Havering that have a confirmed housing need, they may be in unsuitable accommodation or at risk of homelessness. Properties are required to meet the Decent Homes standard, GLA Building Safety standards and the Council's lettable standard, ensuring that housing is fit for purpose and safe, as well as genuinely affordable at social rent levels.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

Health & Wellbeing Benefits:

Havering council is committed to improving the health and wellbeing of its residents. The provision of good quality and affordable housing is an important determinant of health and wellbeing as housing impacts both our physical and mental health and wellbeing. Inadequate housing and poorly designed housing is associated with increased risk of ill health including cardiovascular and respiratory diseases, depression and anxiety as well as risk of physical injury from accidents.

Housing conditions, quality, affordability and tenure (particularly for women due to safety issues) plays an important part in pathways to community integration as well as access to wider opportunities for learning, development and employment.

A successful grant bid will support Havering's ambitions to provide more good quality, genuinely affordable homes, through the acquisition of 160 additional homes. Increased affordable housing supply will have a positive impact on wider health and wellbeing of the borough's residents.

Health & Wellbeing Risks:

The proposals to increase grant funding for this project do not give rise to any health and wellbeing risks, considerations to be made when allocating properties include safety, cultural appropriateness and discrimination.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no environmental or climate change implications arising from this report.

As acquired properties will be maintained to Decent Homes Standard and at least EPC level D, properties are expected to be secure, warm and reasonably energy efficient.

BACKGROUND PAPERS

Council Housing Acquisitions Programme Prospectus (OPEN)

APPENDICES

Appendix A Financial Implications (EXEMPT)

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed

Name: Councillor Ray Morgon – Leader of the Council

Date:

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____