

**Report of:** Head of Land and Property

**Report to:** Chief Officer Asset Management & Regeneration, and  
Chief Officer for Resources & Housing

**Date:** 24<sup>th</sup> February 2021

**Subject:** Privately owned properties to be acquired by the Council and added to council housing stock – Detailed in the confidential appendix

|   |   |  |
|---|---|--|
| Are specific electoral wards affected?  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| If yes, name(s) of ward(s): Various (detailed in confidential appendix)         |   |  |
| Has consultation been carried out?  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Are there implications for equality and diversity and cohesion and integration? | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Will the decision be open for call-in?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information?                     | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| If relevant, access to information procedure rule number: 10.4(3)               |   |  |
| Appendix number: 1  |   |  |

## Summary

### 1. Main issues

- In August 2020, as part of the Next Step Accommodation Programme the Council was awarded £1m capital grant funding to provide 20 x one bedroom properties dispersed across the City to provide additional capacity in the housing stock for people who have been homeless / rough sleeping. £315k of additional revenue funding for three years was also awarded to provide support for the people moving into these newly purchased properties.
- In December 2020, the Director of Resources approved the acceptance of the £1million capital grant and £314,684 revenue funding and the necessary injection of the £2,606,000 scheme into HRA Council Housing Growth capital programme to enable the scheme to be delivered in December 2020.
- At the same time, the Director of City Development gave in principle approval to purchase the properties and noted that specific property approvals would be requested in due course.

### 2. Best Council Plan Implications

- Housing is one of the Best City priorities as set out in the Best Council Plan, and this programme will directly support the following priorities by delivering additional social housing stock:
  - a. Housing of the right quality, type, tenure and affordability in the right places.
  - b. Minimising homelessness through a greater focus on prevention
- The programme will also directly contribute to ensuring that “everyone in Leeds live(s) in good quality, affordable homes, in clean and well cared for places” which is one of the target outcomes set out in the Best Council Plan.

### **3. Resource Implications**

- Full Council approved an injection of £90.9m into the Council Housing Growth Programme on 27th February 2019. £22.5m of this was set aside to support a 2-3 year property acquisitions / buyback programme, which will deliver c150-200 properties back into council stock. Executive Board granted approval to spend for the programme on 24<sup>th</sup> July 2019.
- In August 2020, as part of the Next Step Accommodation Programme the Council was awarded £1m capital grant funding to provide 20 x one bedroom properties dispersed across the City to provide additional capacity in the housing stock for people who have been homeless / rough sleeping. £315k of additional revenue funding for three years was also awarded to provide support for the people moving into these newly purchased properties.
- In December 2020, the Director of Resources approved the acceptance of the £1million capital grant and £314,684 revenue funding and the necessary injection of the £2,606,000 scheme into HRA Council Housing Growth capital programme to enable the scheme to be delivered in December 2020.

### **4. Recommendations**

- It is recommended that the Council acquires the privately owned properties detailed in the confidential appendix to be added to council housing stock for the purpose of the Next Step Accommodation Programme.

#### **1. Purpose of this report**

- 1.1 The purpose of this report is to recommend the terms upon which the Council will purchase the properties detailed in the confidential appendix.

#### **2. Background information**

- 2.1. As part of the ‘Everyone In’ initiative, approximately 15,000 people nationally, who were sleeping rough, in unsafe communal settings or at imminent risk of rough sleeping were placed into emergency accommodation during the COVID-19 pandemic. The Next Steps Accommodation Programme (NSAP) promoted by MHCLG aimed to make available the financial resources needed to support local authorities and their partners to prevent these people from returning to the streets.

2.2. The Ministry of Housing, Communities and Local Government (MHCLG) invited local authorities, registered providers, and their local partners to engage with the next stage of their COVID-19 Rough Sleeping response in July 2020 through bidding for capital and revenue funding to deliver either long-term accommodation and support for rough sleepers or for interim accommodation and support for the vulnerable people accommodated during the pandemic.

2.3. The Council has successfully bid for funding to the Next Step Accommodation Programme and been awarded £1m capital grant funding to provide 20 x one bedroom properties dispersed across the City to provide additional capacity in the housing stock for people who have been homeless / rough sleeping. £315k of additional revenue funding for three years was also awarded to provide support for the people moving into these newly purchased properties.

### **3. Main issues**

3.1. Each potential property purchase has been assessed on its own merits, against both Council Housing Growth programme objectives and also in the context of local housing needs.

3.2. All the properties detailed in the appendix have been inspected by a Technical Offer from Property Management who has provided a stock condition report. The properties have then been valued by Land & Property Officers or the externally appointed Agents. The condition report and the valuation have been submitted to the Council Housing Growth Team to ascertain whether the property is suitable for repurchase and falls within the parameters of the target budget for each acquisition.

3.3. Housing Leeds has agreed to take on the responsibility and management of the properties.

3.4. Terms for the acquisitions are detailed in the attached confidential appendix.

### **4 Corporate considerations**

#### **4.1 Consultation and engagement**

4.1.1 As part of the established process for this programme The Council Housing Growth Programme has engaged Housing Management, Housing Finance, Land & Property, Property Management, and other relevant internal stakeholders in relation to these potential acquisitions. Housing Leeds has confirmed the properties are suitable for the NSAP programme objectives and will be responsible for the future management and responsibility of the properties.

4.1.2 The Executive Member for Communities has been consulted and is supportive of the Programme. Regular updates on progress across the whole programme are being provided to the Council Housing Growth Programme Board.

4.1.3 Local Ward Members have been consulted and agreed to support the acquisitions of any property in their ward.

### **5 Equality and diversity / cohesion and integration**

- 5.1 There are no equality issues arising from this proposal.
- 5.2 The Council Housing Growth Programme have undertaken an initial Equality and Diversity screening in relation to these proposals and have concluded that a full assessment is not required.

## **6 Council policies and the Best Council Plan**

- 6.1 Housing is one of the Best City priorities as set out in the Best Council Plan, and this programme will directly support the following priorities by delivering additional social housing stock:
  - a. Housing of the right quality, type, tenure and affordability in the right places.
  - b. Minimising homelessness through a greater focus on prevention.
- 6.2 The programme will also directly contribute to ensuring that “everyone in Leeds live(s) in good quality, affordable homes, in clean and well cared for places” which is one of the target outcomes set out in the Best Council Plan.

## **7 Climate Emergency**

- 7.1 Going forward, an energy performance assessment will be undertaken as part of the technical inspection of each potential acquisition. This assessment will be used to determine whether, as part of refurbishing the property, additional measures can and should be implemented (above lettable standard) to improve the energy performance (SAP rating) of the properties. This would be with a view to making them more energy efficient and less expensive to heat, positively contributing to fuel poverty and reducing carbon output.

## **8 Resources, procurement and value for money**

- 8.1 Each property proposed for purchase has been individually assessed using an annuity model to confirm the investment is financially viable.
- 8.2 The properties will become the responsibility of Housing Leeds.
- 8.2 Funding for the acquisitions is made up of a combination of Housing Revenue Account and Homes England grant funding.

## **9 Legal implications, access to information, and call-in**

- 9.1 Under Part 3, Section 3E (g) of the Council’s Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of the Executive in relation to Asset Management. Under the director of City Developments sub-delegation scheme other officers are also authorised to take decisions relating to the acquisition of property.
- 9.3 The proposal constitutes a significant operational decision and is therefore not subject to call in.
- 9.4 The information contained in the Appendix to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in relation to

certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the purchase of the land/property referred to then it is not in the public interest to disclose this information at this point in time. Also the release of such information would or would be likely to prejudice the Council's commercial interests in relation to and undermine its attempts to acquire by agreement similar properties in the locality in that owners of other similar properties would be aware about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be available from the Land Registry following completion of the purchase and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under rule 10.4.(3) of the Access to Information Procedure Rules.

## **10 Risk management**

- 10.1 The risks associated with the proposed acquisitions are considered below:
- 10.2 The overarching Council Housing Growth Programme is being delivered using the Council's agreed project management methodology and a programme risk log will be maintained and risks managed, monitored and escalated through the governance process as necessary.
- 10.3 Risk of failure to meet affordable housing targets. Delivery of the proposals set out in this report will contribute to mitigating one of the Council's corporate risks around failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds. There remain pressures in respect of delivering new affordable housing within the city despite the relative success in the overall delivery of new homes in Leeds which remains a corporate risk for the Council.
- 10.4 Loss/payback of Homes England grant.
- 10.5 Financial Viability Risk. The financial viability assessments undertaken in relation to these acquisitions (and associated refurbishment costs) have included consideration of the potential financial risk to the council should there be a further RtB exercised in relation to the property in future, factoring in applicable cost floor (the lower of the market value and the purchase/ build costs of the property). The cost floor would be the acquisition price net of any RtB discount that was repayable at the time. There is a risk that in the initial 15 years following acquisition the Council could still make a loss if there was a downturn in the market and the tenant exercised their RtB at a point where the market value was lower than the amount the council paid for the property. Rents, however, will be set at such a level as to help mitigate this risk as far as possible within the constraints of the legislation, and to help ensure the council will achieve an acceptable payback period. The viability modelling is also based on certain assumptions about the housing market and future movement's in house prices/rents, which may not prove to be accurate. Should rents or housing prices fall, or not rise in line with our assumptions, the payback period could be longer than predicted.
- 10.6 Property Suitability Risk. The Council Housing Growth Programme will consult with Housing Management, Investment Planning and Property Management officers prior to offering on any property to ensure they are suitable for acquisition and will

be easily let, based on local supply and demand information, and of a type that can be managed and maintained in line with existing council asset management strategies.

- 10.7 There is a risk that once the acquisitions are complete, further works to the properties may be required which were not identified initially and this could lead to increased costs. However, a thorough condition inspection is carried out on each property and a detailed cost report prepared prior to re-purchase. This ensures that the condition of each property is known.

## **11 Conclusions**

- 11.1 The properties detailed in the accompanying confidential appendix have been individually assessed and confirmed as being of a type, size and in such locations that repurchasing them will contribute to meeting the housing needs of the NSAP programme.
- 11.2 The associated costs have been assessed by finance and found to represent viable investments, and value for money.
- 11.3 It is concluded that the acquisition of the properties detailed in confidential appendix are suitable for purchase to be added to Council housing stock.

## **12 Recommendations**

- 12.1 It is recommended that the Council acquires the privately owned properties detailed in the confidential appendix to be added to council housing stock.

## **13 Background documents**

- 13.1 None