

Council Housing Growth Programme – Rough Sleeping Accommodation Programme (RSAP) / 1 Bedroom Property Acquisitions for Supported Move On Accommodation

Date: 21st October 2022

Report of: Council Housing Growth Team / Property Acquisitions Programme

Report to: Director of City Development

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- To inform that, subsequent to the Director of City Development (delegate) providing approval to purchase a total of 30 properties as part of the Next Steps Accommodation Programme (NSAP) and Rough Sleeping Accommodation Programme, rounds 2 and 3 (RSAP2 and RSAP3), additional properties have now been identified for purchase.
- The purpose of this report is to obtain Authority to Purchase and Authority to Spend from the Director of City Development to enable the property purchases to be progressed by the Council Housing Growth Programme. Details of the properties and associated costs are set out in Confidential Appendix B, due to their commercial sensitivity.

Recommendations

- a) Approve the purchase of the properties, detailed in Confidential Appendix B, at Market Value as determined by Land & Property and authorise their use as designated Rough Sleeper accommodation, to be managed by Leeds Housing Options.
- b) Authorise the required expenditure to enable the programme to progress the property acquisitions detailed in Confidential Appendix B. These property acquisitions will be funded from the Council Housing Growth Programme budget, via a combination of Housing Revenue Account (HRA) borrowing and a Homes England grant of £50,000 per property.
- c) Note that Executive Board granted Authority to Spend for the programme on 24th July 2019.
- d) Note that written approval to bring the properties back into council housing stock was provided by the Chief Officer (Housing) of Communities, Housing & Environment on 1st November 2022.

What is this report about?

- 1 To inform that, subsequent to the Director of City Development (delegate) providing approval to purchase a total of 30 properties as part of the Next Steps Accommodation Programme (NSAP) and Rough Sleeping Accommodation Programme, rounds 2 and 3, (RSAP2 and RSAP3), additional properties have now been identified for purchase.
- 2 The purpose of this report is to obtain Authority to Purchase and Authority to Spend from the Director of City Development to enable the property purchases to be progressed by the Council Housing Growth Programme. Details of the properties and associated costs are set out in Confidential Appendix B, due their commercial sensitivity.
- 3 Supporting delivery of the Rough Sleeping Accommodation Programme, which allows the Council the opportunity to acquire additional supported accommodation in the City.

What impact will this proposal have?

- 4 To provide the Council with additional long-term, supported accommodation in the city.
- 5 Tenancies will be for up to 2 years and rent will be at a social formula determined by equivalent stock. Support for the tenants will be provided by a dedicated Housing Navigator Support team funded from the revenue element of the grant that will be an addition to existing commissioned housing support service. The Housing Navigators will support people who have previously been sleeping rough into an independent, LCC Next Steps Accommodation specified tenancy. Support will include helping tenants improve their interpersonal and social skills and enable them to build their resilience to sustain their tenancy and live positively within the community.
- 6 The properties will be owned and managed within the Council's HRA. Letting priority will be for people who are recovering from rough sleeping. This could either be in the form of move on from emergency accommodation or one of the Beacon intensive support environments (ISEs) or directly from the street in a 'housing first' approach. At the end of the programme the properties will be let as part of the council's housing stock.
- 7 National Rough Sleeping Strategy: The national strategy includes the targets to halve rough sleeper numbers (from the 2017 baseline) by 2022 and to end rough sleeping by 2027. The national strategy is rooted in three 'pillars':
 - To prevent new people from starting to sleep rough;
 - To intervene rapidly when people start to sleep rough to help them off the street; and
 - To promote a person's recovery once they are off the street to build positive lives and not return to rough sleeping.
- 8 The delivery of the proposed accommodation identified in this report directly contributes to the Council's response to homelessness and the additional pressures that covid-19 has placed on some of the most vulnerable people living in Leeds.
- 9 The provision of this accommodation will have a significant positive impact on this group and support wider council initiatives in preventing homelessness in the City.
- 10 Note that the specific location of the properties has not been identified in this report in order to protect the vulnerable residents that would be supported by this project but can be found in Confidential Appendix B.

- 11 **Climate Emergency** – Although there are no specific proposals in regard to the works which relate to the Council’s climate emergency targets, energy efficiency improvements shall be maximised where possible. The works will meet all legislative and Building Regulation requirements appropriate to the intended residential use.
- 12 It is considered that the proposals have only a positive impact in terms of EDCI in that they will contribute to delivering an increase in supply of additional supported accommodation in the City. An Equality, Diversity, Cohesion and Integration (EDCI) screening has been completed and is attached as Appendix A for reference.

How does this proposal impact the three pillars of the Best City Ambition?

- Health and Wellbeing Inclusive Growth Zero Carbon

- 13 Acquisition of these new council homes directly contributes to delivering the Leeds Best City Ambition pillars of Health & Wellbeing and Zero Carbon by:
- Providing housing of the right quality, type, tenure and affordability in the right places.
 - Minimising homelessness through a greater focus on prevention.
 - Addressing the challenges of housing quality and affordability, tackling fuel poverty and creating vibrant places where residents have close access to services and amenities.
- 14 The property acquisition shall also directly contribute to the achievement of a number of key performance indicators the Council will use to measure success including:
- a) Growth in new homes in Leeds
 - b) Number of affordable homes delivered; and
 - c) Improved energy and thermal efficiency performance of homes

What consultation and engagement has taken place?

Wards affected: Pudsey, Kirkstall.		
Have ward members been consulted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

- 15 The Executive Member for Climate and Infrastructure was consulted on the RSAP schemes on 16th August 2022. Further consultations on these specific property purchases were sent on 19th October 2022 and 26th October 2022, informing Cllr Hayden that the purchases were progressing in the relevant ward areas and inviting feedback.
- 16 Local Ward Members have been updated and consulted. A briefing was sent to all members on 16th August 2022. Subsequent briefings have taken place with regards to the properties referred to in this report on 19th October 2022 and 26th October 2022.
- 17 The Chief Officer (Housing) of Communities, Housing & Environment was updated on 1st November 2022 and is supportive of the acquisitions and programme.
- 18 As part of the established process for this programme the Council Housing Growth Programme engaged with Housing Management, Housing Finance, Legal services, Land & Property and other internal stakeholders.
- 19 Regular updates on progress across the whole programme are provided to Affordable Housing Delivery Board. The last update was provided on 10th November 2022.

What are the resource implications?

- 20 Full Council approved an injection of £90.9m into the Council Housing Growth Programme on 27th February 2019.
- 21 £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.
- 22 Executive Board granted approval to spend for the programme on 24th July 2019.
- 23 As at May 2022, c£18.7m of the £22.5m funding has been spent, leaving c£3.8m available to fund further property acquisitions.
- 24 Each property which is delivered on time will receive a grant of £50,000 from Homes England. The grant is split into three payments:
 - £22,500 payable on legal completion of the property acquisition
 - £25,000 payable when refurbishment work begins (start on site)
 - £2,500 payable when the property is ready to let.
- 25 All properties considered for purchase are individually assessed using an annuity model to confirm whether they are financially viable. A property is deemed a viable investment if the repayment period for the interest and capital is 30 years or less. A 30-year repayment period allows the authority to meet its obligation under Section 24(1) of the 1985 Act which states that “in the context of setting rents, an important consideration will be to set rents at a level which will enable the Council to meet its 30-year HRA business plan requirements”. The model highlights the financial loss the council could incur if the property were to be sold via RtB after the 15-year period of cost floor protection ends, but ensures that the capital receipt would be sufficient to repay any outstanding debt at that time.
- 26 In terms of revenue effects, the cost of servicing the debt incurred purchasing a property may be higher than the initial rental return so the properties could initially be a net cost to the service. However as rental incomes increase year on year they will start to exceed the annual borrowing cost and produce a positive return. The initial refurbishment and repairs costs will also be capitalised.

What are the key risks and how are they being managed?

- 27 The Council Housing Growth Programme is delivered using the Council’s agreed project management methodology. A programme risk log will be maintained and risks managed, monitored and escalated through the governance process as necessary.
- 28 Delivery of the proposals set out in this report will contribute to mitigating one of the Council’s corporate risks around the failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds.
- 29 An initial risk assessment for the RSAP programme has identified the following risks, which are being managed at programme level and are not corporate risks at present:
 - a) Further local lockdown or additional COVID wave would highly likely have implications with undertaking physical valuations, survey inspections and refurbishment works. The project may have to be placed on hold depending on the severity of the restrictions and advice sought from Homes England.
 - b) The acquisition of 1 bed properties is dependent on supply of suitable properties within the required timescales. The bid was informed by research into currently available properties, estate agents have been approached with mailing planned in target areas, chain free properties will be prioritised, if sufficient 1 bed houses are not available in the timescales, 1 bed flats will be considered as alternative.

- c) Lead decision contributors do not provide required confirmation of property suitability within agreed timescales. In order to progress the acquisition(s) it may be required to seek confirmation from secondary decision contributors.
- d) Some valuation & conveyancing services, plus the physical works to properties may be outsourced using agreed alternative arrangements should other council priorities / workloads take precedence over this scheme.
- e) Individual acquisitions will be recommended for approval to the Director of City Development (or other officer with delegated authority) via delegations.
- f) Any acquisition(s) progressed which are delayed due to unforeseen circumstances and at risk of missing the funding milestone / deadline OR do not fully meet suitability criteria - these may be used as General Needs housing as part of the buy-back programme / budget.
- g) There is a risk that some properties may exceed the average budget cost, however, based on properties identified to date we are confident that we shall not exceed the average viability threshold per property over the total number of units.

What are the legal implications?

- 30 This is a Significant Operational Decision and as such is not eligible for call in.
- 31 A notice of a Key Decision (Next Steps Accommodation Programme (RSAP) - Leeds funding approval / 1 bed property acquisitions for supported move on) has been published.
- 32 The Council is authorised to acquire housing under section 17 (1) (b) of the Housing Act 1985 which states “a local housing authority may for the purposes of this Part acquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings. Section 17 (3) of the Housing Act 1985 states that land may be acquired by a local housing authority for the purposes of this Part by agreement, or they may be authorised by the Secretary of State to acquire it compulsorily. As the proposed acquisitions will be by way of agreement no specific authorisation from the Secretary of State is required.
- 33 The RSAP Funding Agreement has been entered into by all parties. Delivery of RSAP 3 properties is expected by 31st December 2022.
- 34 Appendix B to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3). The information contained in the exempt appendix relates to the financial and business affairs of the Council and other parties. It is considered that 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.
- 35 The programme may consider properties offered under the Right of First Refusal obligations which forms part of the Right to Buy (RtB) legislation and were established by The Housing (Right of First Refusal) (England) Regulations 2005, which came into force in August 2005. The regulations require that any homeowner who is selling a property bought from the Council under Right to Buy within the previous ten years must offer it to the Council before putting it on the open market.

Options, timescales and measuring success

What other options were considered?

- 36 Alternative methods of providing a wider range of move on accommodation is a key focus for Leeds. There is wide ranging multi agency partnership approaches working together to achieve this, along with significant commitment to provide needed support.
- 37 This proposal will add to the options available providing more opportunities for people to move on from temporary and emergency accommodation on a pathway towards a permanent stable home.

How will success be measured?

- 38 Prevention / Intervention / Recovery – achieving a collective outcome that: People ‘move in’ to appropriate and suitable accommodation; People ‘move-on’ by accessing the right support at the right time, to aide their personal recovery and as a result fewer people return / end up on the street and also feel socially connected to their neighbourhood.
- 39 Against achievement of milestones and delivery deadlines in the Homes England IMS system relating to grant allocation (capital and revenue).
- 40 Against relevant Housing Growth programme objectives and specific “RSAP” service plan priorities.

What is the timetable and who will be responsible for implementation?

- 41 Delivery of RSAP 3 properties is expected by 31st December 2022.
- 42 Lettings / occupancy of the properties shall be co-ordinated through Housing Options.
- 43 Liam Riley, Project Support Officer will oversee the purchase of each property listed in Confidential Appendix B. At the point of legal completion, the property will be transferred to the HL Voids Service to undergo refurbishment works. Leeds Housing Options will then administer the letting of the property.

Appendices

- **Appendix A:** Equality, Diversity, Cohesion and Integration (EDCI)
- **Appendix B:** CONFIDENTIAL - Schedule of proposed properties to purchase including cost information and property plans.