

## Council Housing Growth Programme – Property Acquisitions for Local Authority Housing Scheme (LAHF)

Date: 30<sup>th</sup> August 2023

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

The purpose of this report is to obtain Authority to Purchase and Authority to Spend from the Director of City Development to enable the purchase of properties under the LAHF scheme which provides Ukraine and Afghan families with affordable housing. The purchases will be progressed through the Council Housing Growth Programme. Details of the properties to be purchased and the costs associated with these acquisitions are set out in Confidential Appendix A due their commercial sensitivity.

### Recommendations

The Director of City Development is requested to:

- a) Grant Approval to purchase the properties detailed in Confidential Appendix A at market value, as determined by Land & Property, and authorise them to be added to council housing stock and to be allocated to tenants within the Ukraine and Afghan household groups.
- b) Authorise the required expenditure to enable the programme to progress the property acquisitions detailed in Confidential Appendix A. These property acquisitions will be funded as follows:
  - Ukraine scheme: 40% of capital costs plus £20,000 funded by LAHF grant. Remaining balance funded by Homes For Ukraine's tariff grant.
  - Afghan scheme (bridging scheme): 50% of capital costs plus £20,000 funded by LAHF grant. Remaining balance funded by HRA borrowing.
- c) Note that the Director of Communities, Housing & Environment approved the injection of funds from the LAHF grant and Homes for Ukraine's tariff grant along with the Authority To Spend for a total of £7.521m into the Council Housing Growth capital programme on 28<sup>th</sup> April 2023. Decision ref D56295.
- d) Note that written approval to bring the properties into council housing stock was provided by the Chief Officer (Housing) of Communities, Housing & Environment on 1<sup>st</sup> March 2023.

## **What is this report about?**

- To inform that subsequent to the Director of Communities, Housing & Environment providing approval for the injection of LAHF grant funds and Homes for Ukraine's grant funds into the Council Housing Growth capital programme, along with Authority To Spend, two 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 purchase(s) to be progressed by the Council Housing Growth Programme. Details of the properties and associated costs are set out in Confidential Appendix A due their commercial sensitivity.
- Supporting the Council's plan to provide 30 homes in partnership with the Local Authority Housing Fund for the purpose of housing Ukrainian refugee households and Afghan households who are currently in bridging accommodation.

## **What impact will this proposal have?**

- 1 To provide the council with additional affordable housing stock in the city to house Ukrainian and Afghan refugee households.
- 2 The acquisition of these council homes directly contributes to delivering the Leeds Best City Ambition pillars of Health & Wellbeing and Inclusive Growth 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.
- 3 The programme will also directly contribute to ensuring that "everyone can have a home which supports good health, wellbeing and educational outcomes" which is key focus under the Health and Wellbeing pillar of the Best City Ambition.
- 4 The Council Housing Growth Programme evaluation assesses whether the property is one which the council would wish to see back in housing stock and includes consideration of the following factors:
  - Housing Management and Housing Options priorities.
  - Whether the property is in an area deemed suitable for refugee families.
  - Whether the property is of a type and size which adheres to the conditions of the LAHF grant.
  - The property will normally be a former council property within an area of council housing, or within a regeneration area in the city.
- 5 Value for Money (VfM) - the programme will consider whether a property being purchased for the Afghan scheme represents a viable investment in terms of how long it will take to repay the associated borrowing based on assumed income generation/savings, and VfM. The VfM assessment considers the market valuation and any required repairs/improvements to bring the property up to a lettable standard. This part of the assessment also includes consideration of potential rent levels (estimated based on other similar social housing in the area), and whether any right to buy discount would be repayable. Whilst properties purchased for the Ukraine scheme are being fully grant funded and will therefore provide maximum VfM for the council, the programme will take steps to ensure the grant funding is used wisely on properties which represent VfM.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

9 Housing and Health & Wellbeing have been identified as Council priorities as set out in the Best Council Plan; these property acquisitions will directly support and contribute to the following priorities:

- a) Housing of the right quality, type, tenure and affordability in the right places
- b) Minimising homelessness through a greater focus on prevention
- c) Providing the right housing options to support older and vulnerable residents to remain active and independent
- d) Supporting self-care, with more people managing their own health conditions in the community
- e) Working as a system to ensure people get the right care, from the right people in the right place
- f) Ensuring that “everyone in Leeds Live(s) in good quality, affordable homes, in clean and well cared for places”.

10 The property acquisitions will 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:

Rothwell – Acquisition Number 11

Pudsey – Acquisition Number 12

Have ward members been consulted?

Yes

No

11 As part of the established process for this programme, the Council Housing Growth Programme engaged with Housing Management, Leeds Housing Options, Housing Finance, Land & Property, Housing Leeds Voids Service and other internal stakeholders prior to making an offer of purchase for these potential acquisitions.

12 Regular updates on progress across the whole programme are provided to the Council Housing Growth Programme Board.

13 Local Ward Members are updated on any acquisitions in their ward areas, as they progress.

### What are the resource implications?

14 The LAHF will provide 40% of the capital costs plus £20,000 per property of funding for the 21 homes being acquired for Ukrainian families. The balance will be funded by the Homes for Ukraine tariff grant.

15 The LAHF will provide 50% of the capital costs plus £20,000 per property of funding for the 9 homes in the Bridging scheme. The balance will be funded by borrowing and/or use of the Homeless Prevention Fund.

16 Rental income from letting the properties will cover the cost of borrowing over the period of the asset life.

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

- 17 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.
- 18 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.
- 19 An initial risk assessment for the LAHF programme has identified the following risks, which are being managed at programme level and are not corporate risks at present:
- a) The acquisition of family sized homes is dependent on supply of suitable properties within the required timescales. The bid was informed by research into currently available properties. Chain free and vacant properties will be prioritised.
  - b) Lead decision contributors do not provide required confirmation of property suitability within agreed timescales. To urgently progress the acquisition(s) it may be required to seek confirmation from secondary decision contributors.
  - c) Some property valuation and conveyancing services, plus the physical works to properties may be outsourced using agreed alternative arrangements should this be necessary.
  - d) Potential longer void periods due to a combination of post covid void backlog recovery, contractor trade / resource shortage and supply chain issues. Approval to use alternative contracting arrangements will be sought if required to accelerate / expedite work in properties.
  - e) 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 may be used as General Needs housing as part of the buy-back programme / budget.

### **What are the legal implications?**

- 25 This is a Significant Operational Decision and as such is not eligible for call in.
- 26 Appendix A to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.
- 27 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?**

- 28 Alternative methods of providing a wider range of move on and settlement accommodation is a key focus for Leeds. There is wide ranging multi agency partnership approach working together to achieve this, along with significant commitment to provide needed support.
- 29 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?**

- 30 The delivery of 30 family sized properties delivered by no later than 30<sup>th</sup> November. As per the terms of the grant, a property is deemed as 'delivered' at the point purchase contracts are exchanged.
- 31 Where possible we will obtain a 'before' and 'after' Energy Performance Certificate to enable analysis of the benefits of any energy improvement measures undertaken during the property refurbishment.
- 32 The final cost of each acquisition will be scrutinised to ensure continuous delivery of VfM.

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

- 33 Properties will be deemed 'delivered' at the point purchase contracts are exchanged, according to the LAHF funding terms. The Council Housing Growth Property Acquisitions Team will be responsible for delivering the properties within this timeframe.

### **Appendices**

- 34 Appendix A: Confidential appendix containing information regarding the purchase(s) proposed in this report.
- 35 Appendix B: Equality, Diversity, Cohesion and Integration Screening

### **Background papers**

- 36 None