

DECISION MAKER Leader of the Council	DATE 11/10/2024	ITEM NO N/A
TITLE Local Authority Housing Fund: Round 3	WARD (S) All	
CHIEF OFFICER Director Regeneration Enterprise & Skills	CABINET MEMBER Planning, Estate Renewal & Development	
DECISION CLASSIFICATION Key 28 day notice issued: 19 th April 2024 Non-exempt Report and appendices Subject to call in	IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING? Yes	

I. Decision Required

This report makes the following recommendations to the decision-maker:

- I.1. To approve that the Council enters into a Memorandum of Understanding with the Ministry of Housing, Communities and Local Government (MHCLG), as out in Appendix 1 of this report, to deliver **Round Three of the Local Authority Housing Fund** and provide the Royal Borough of Greenwich with **£1,524,150** of grant funding.
- I.2. To approve the following budgets to enable the delivery of the Local Authority Housing Fund programme:
 - MHCLG Capital Grant = £1,510,000
 - MHCLG Revenue Grant = £14,150
 - General Fund Borrowing = £1,725,850
- I.3 To note the assumptions outlined in Appendix 2 of this report, which apply a portfolio approach to the delivery of the programme and set indicative purchase prices per property against each bedroom size. These assumptions ensure the proposals in this report do not provide a General Fund budget pressure.

- 1.4 To delegate to the Director of Regeneration, Enterprise and Skills authority to acquire properties and otherwise apply the funding under, and in accordance with, the Local Authority Housing Fund programme.

Timing and procedure

- 1.5 To note that on 17th July 2023 the Leader agreed to change the scheme of delegation to withdraw the delegation to Cabinet in respect of the Local Authority Housing Fund and allocate the matter to himself as Leader of the Council.

Agreed/Not Agreed:

Date:

Councillor Anthony Okereke, Leader of the Council

2. Links to Our Greenwich missions

- 2.1 This report relates to the Council's agreed missions as follows:

- People in Greenwich have access to a safe and secure home that meets their need
- We design our services around the needs of our residents
- The voluntary, community and socially motivated sectors in Greenwich are strengthened and able to provide more support to those in need
- People will not experience discrimination
- Everyone in Greenwich is safer, and feel safer

- 2.2 A key aim and objective within the 2021-2026 Housing and Homelessness Strategy, is ensuring the supply of high-quality homes. The proposals within this report for the acquisition of homes to be used as temporary accommodation for homeless households and resettlement homes for refugees, makes a significant contribution to the delivery of this aim and objective.

- 2.3 The requests for approval in this report also address the following priorities in the 2021- 2026 Housing Strategy:

- Strand 1: Ensuring the supply of high-quality homes
- Strand 2: Tackling homelessness and ending rough sleeping
- Strand 3: Support for specific housing needs
- Strand 4: Safe and sustainable homes for all
- Strand 5: Building resilient and vibrant communities and neighbourhoods

2.4 The increase in the supply of affordable housing which the recommendations within this report will deliver, will provide residents with a secure, safe and well managed home, all of which contribute to making Greenwich a healthier and safer borough, and a great place to grow up.

3. Purpose of Report and Executive Summary

3.1 The Local Authority Housing Fund (LAHF) was established to fund the delivery of homes to be used as temporary accommodation for homeless households and resettlement homes for refugees.

3.2 The funding from the LAHF can be applied to the acquisition of properties that are available for purchase on the open market.

3.4 In July 2024 MHCLG advised officers that the Royal Borough of Greenwich had been awarded LAHF Round Three grant of £1,524,150.

3.5 The principal financial conditions of the LAHF Round Three grant award are:

- Funding rate of £215,714 capital grant per property
- Funding rate of £2,021 revenue grant per property
- To deliver 3 no. properties to be allocated to homeless households
- To deliver 4 no. properties to be allocated to Afghan refugees.

The exact unit number, unit mix and programme for delivery is detailed in appendix two of this report.

3.6 MHCLG have advised officers that a condition of the receipt of the LAHF funding is that the Council must sign a Memorandum of Understanding (MOU) in respect of the funding. The MOU document for LAHF Round Three is set out in appendix one of this report.

- 3.7 The MOU document from MHCLG has been reviewed by legal advisors acting on behalf of the Council, who have supplied their comments on the legal implications in section nine of this report.
- 3.8 MHCLG have advised the Council that it is expected that all the funding will have been committed by 31 March 2026, and that officers will have to supply regular monitoring information on the progress of delivery of the expenditure of the grant allocation.

4. Introduction and Background

- 4.1 Officers already operate a successful acquisition programme of open market properties, for use as temporary accommodation (TA) for homeless households. These properties are funded with Retained Right to Buy (RTB) receipts and General Fund borrowing, as well as funding from Round One and Round Two of the Local Authority Housing Fund.
- 4.2 By the end of March 2024 officers had purchased 576 existing properties which ranged in unit type from one bed flats to six bed houses, for use as temporary accommodation.
- 4.3 Officers in the Property team deliver the property acquisition programme. This process involves undertaking a survey of the home to be purchased and conduct all negotiations with the vendor of the property. Officers in the Repairs and Investment team process any refurbishment works and hand the property over to the Housing Inclusion Team, who undertake all housing management duties.
- 4.4 Officers propose that the existing delivery process for the acquisition, refurbishment, and management of properties used for temporary accommodation homeless households, is applied to the process to acquire, refurbish and manage the delivery of the number and type of properties funded with capital grant from the LAHF.
- 4.5 In May 2023 Cabinet approved a strategy to become a Borough of Sanctuary. By adopting this strategy, the Council can demonstrate that it has a welcoming approach to those who may wish to seek sanctuary in the borough. Officers have established the Greenwich Refugee Asylum seeker and Migrant Group (GRAM) which is a multi-departmental team responsible for overseeing arrangements for those seeking sanctuary.

Officers within GRAM will work with the designated resettlement and assistance groups to place refugees from the relevant cohort into the housing which is funded for those requiring resettlement accommodation.

- 4.6 The unit type, unit mix and anticipated acquisition cost that this grant allowance and capitalised value of the rent can support, and the amount of properties that officers consider can reasonably be acquired through this initiative during the period when funding is available, is outlined in Appendix 2 of this report and is summarised as follows:

LAHF Round Three Funded Programme

Unit Type	No. of Purchases	Purchase Price	On costs per property
2 bed	1	£350,000	£50,000
3 bed	5	£420,000	£50,000
4 bed	1	£450,000	£50,000
Total	7		

- 4.7 A portfolio approach will be taken to the acquisition process for this programme, whereby officers will spend an average amount on each property type. Therefore, any spend below the anticipated average cost for one particular property acquisition may be used to offset any spend above the average anticipated cost of another property.
- 4.8 Officers will monitor actual expenditure of the purchase and refurbishment costs of this programme, against the acquisition assumptions of the programme, to ensure the overall balance of the programme remains within the approved acquisition assumptions.

5. Available Options

- 5.1. Option One: Do nothing.
The disadvantages of this option are that it does not attempt to address the housing demand and housing need across the borough, nor will it support the delivery of the 2021 – 2026 Housing Strategy and the Council will not receive the LAHF funding that has been made available by MHCLG. There are no advantages to this option.

- 5.2. Option Two: Defer the decision.
The disadvantages of this option are that by delaying the adoption of the recommendations within this report, there will be a reduction in the amount of time available to purchase homes under this initiative, which will decrease officers' ability to purchase all of the homes that RBG has grant funding to deliver. There are no advantages to this option.
- 5.3. Option Three: Agree the decisions recommended within this report.

6. Preferred Option

- 6.1 Option three is recommended as this option enables the Council to directly intervene to increase the pace and quantum of housing delivery to meet the range of housing demand and need. This scheme will reduce the net cost of providing TA, which at present is causing a significant budget pressure to the General Fund.
- 6.2 Agreement to the decisions proposed in this report will support the successful delivery of the Council's 2021 – 2026 Housing Strategy.
- 6.3 The key priorities set out in the 2021 – 2026 Housing Strategy which this option will deliver, are as follows:

Strand 1: Ensuring the supply of high-quality homes

Strand 2: Tackling homelessness and ending rough sleeping

Strand 3: Support for specific housing needs

Strand 4: Safe and sustainable homes for all

Strand 5: Building resilient and vibrant communities and neighbourhoods

7. Reasons for Recommendations

- 7.1 The reasons for this recommendation are that the Council will be able to spend £1,524,150 on the purchase and refurbishment of housing for use as temporary accommodation for homeless households and resettlement homes for refugees. This will decrease the number of households in hotel accommodation and increase the amount of well-managed and maintained accommodation available for these client groups. This scheme would reduce the budget pressure on TA and benefit the general fund, as this form of TA will reduce the number of hotel rooms we are currently using, which is the least cost effective and most unsuitable form of TA.

8. Consultation Results

8.1 Residents have not been consulted on this proposal.

9. Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
Legal including Human Rights Act	<p>The Leader of the Council is requested to agree to enter into a Memorandum of Understanding with the Ministry of Housing, Communities and Local Government in the form set out at Appendix 1 of this report, to approve the receipt of £1,524,150 of Local Authority Housing Fund grant funding. The grant is intended to be used for the acquisition of seven homes as set out in Appendix 2.</p> <p>Legal Services note the MOU is specifically intended to be non-binding on both parties.</p> <p>Section 120 of the Local Government Act 1972 provides that the Council may acquire by agreement any land for the purposes of: (a) any of their functions under this or any other enactment; or (b) for the benefit, improvement or development of their area.</p> <p>Section 9 of the Housing Act 1985 empowers a local housing authority to acquire housing accommodation in order to provide housing. Where a local housing authority acquires buildings for housing accommodation, Section 18 of the Housing Act 1985 requires that such buildings are in fact used for this purpose.</p> <p>Section 1 of the Localism Act 2011 also provides the council with a general power of competence to do anything an individual can</p>	Lachlan Atcliffe Assistant Head of Legal Services 23 rd September 2024

	<p>do, should that be necessary. This power is exercisable for commercial or other purposes for the benefit (or otherwise) of the local authority and its residents.</p> <p>Legal Services will need to carry out due diligence on any future proposed acquisition sites to confirm they have good title and are not subject to any issues that may impact their proposed use.</p> <p>The decision to proceed with the acquisition does not have legal implications under the Human Rights Act 1998.</p>	
<p>Finance and other resources</p>	<p>The Leader of the Council is requested to agree to enter in to a Memorandum of Understanding (MoU) with the Ministry of Housing, Communities and Local Government (MHCLG), as set out at Appendix 1 of this report, to approve the Council receives £1,524,150 of Local Authority Housing Fund Round 3 grant.</p> <p>The Leader is also requested to agree a budget to enable this programme to acquire 7 homes, to be used as Temporary Accommodation and Resettlement Homes, as follows:</p> <ul style="list-style-type: none"> • MHCLG Capital Grant = £1,510,000 • MHCLG Revenue Grant = £14,150 • General Fund Borrowing = £1,725,850 <p>A viability assessment looking at the financial impact of the acquisition of these properties over a 40 year period was undertaken as part of the grant bidding process, this has ensured that at the levels of grant and General Fund prudential borrowing required, these homes provide a positive net present</p>	<p>Jason Coniam Accountancy Business Change Manager 11/09/2024</p>

	<p>value to the Council’s General Fund budget. Rental levels generated will support the debt charges associated with the General Fund borrowing.</p> <p>The acquisition of these units is projected to reduce the budget pressures within the Council's General Fund associated with the management of homelessness, and has the following positive advantages:</p> <ul style="list-style-type: none"> • securing supply over the long term, with guaranteed minimum levels of quality, by way of utilising and maintaining council owned stock • without the cost premium associated with ad-hoc emergency overnight accommodation • at a fixed cost now, thereby removing the risk of emergency overnight accommodation costs for these units increasing in the market, as a result of general economic (e.g. inflationary) and socio-demographic issues (i.e. supply and demand) <p>The MoU contains a number of reporting and assurance requirements, these must be closely monitored and managed.</p>	
<p>Equalities</p>	<p>Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.</p>	<p>Nick Simons Housing New Supply Manager 8th April 2024</p>

	<p>The proposals in this report are intended to improve housing conditions and support a range of wider outcomes – in particular physical and mental wellbeing, health, and educational attainment.</p> <p>This report proposes the delivery of additional housing to be used as temporary accommodation. As result of the recommendations in this report local people will be housed in the borough. We know that residents in temporary accommodation receive incomes below the Borough average, and that black and minority ethnic communities are overrepresented in this form of accommodation. By increasing the amount of council owned stock that is available for homeless households and resettlement accommodation for refugees, the Borough will be able to reduce inequalities and deprivation for some of the most disadvantaged families within our borough, improving outcomes and life chances for these households.</p> <p>This report contributes to the delivery of the Council’s Equality and Equity Charter and the Council’s Equality Objectives 2020-2024. The Equalities Charter actively promotes equality and works with partners and the community to ensure the Council’s services information and products are more accessible and inclusive. By providing good quality housing for use as temporary accommodation for homeless households and refugees, the decisions within this report make a significant contribution to meeting the objectives of the Council’s Equality and Equity Charter and the Council’s Equality Objectives 2020-2024.</p>	
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<p>Climate change</p>	<p>The recommendations contained within this report comply with the objectives of the Carbon Neutral Plan as approved by Cabinet in November 2022. The housing stock that is purchased through this initiative, can be part of the council's asset management policy to deliver stock that has low energy requirements and low carbon outputs.</p>	<p>Nick Simons Housing New Supply Manager 8th April 2024</p>
<p>Risk Management</p>	<p>The key risks associated with the proposals outlined within this report are that:</p> <p>The housing market slows down and the required number of properties to deliver this programme are not available for purchase.</p> <p>The housing market becomes very buoyant causing property prices to increase, so that the number of properties at the average value required to meet the programme are not available to purchase.</p> <p>It is difficult to implement mitigation measures on the local housing market. Should the market move significantly in any direction from where it is currently, then the programme delivery will slow and there is a risk that not all of the programme of acquisitions will be delivered.</p> <p>The Council's risk register already captures and addresses the risks associated with the failure to deliver affordable housing within the borough.</p>	<p>Nick Simons Housing New Supply Manager 16th August 2024</p>
<p>Community Engagement</p>	<p>There has not been any wider community engagement on the Decisions contained within this report. Members will understand that the location of the properties that will be purchased with the funding within this report are yet to be identified. Therefore,</p>	<p>Nick Simons Housing New Supply Manager 11th September 2024</p>

	<p>localised consultation on the implementation of the Decisions for approval within this report is difficult. The overall aims of this report, reduction in expensive temporary accommodation and welcoming refugee households to the borough, have been widely consulted upon within other strategies and reports.</p>	
<p>Housing & Safer Communities</p>	<p>This funding will allow Housing and Safer Communities and DRES to build upon already successful projects involving RBG purchasing homes from the private housing market to be used to meet the needs of residents under the Housing and Homelessness Strategy 2021-2026. As such this is a strong example of collaborative working across Directorates to achieve Our Greenwich mission objectives.</p> <p>This funding would support the ongoing Temporary Accommodation Cost Reduction Programme, which since commencing in the autumn of 2023 has reduced a forecast overspend in 2023/24 on TA from £13.5m at Q2 2023/24 to £10.3m at Q4, with the potential to achieve a balanced budget in 2024/25.</p>	<p>Shaun Flook Assistant Director Housing Needs & Tenancy 12/04/2024</p>
<p>DRES Property</p>	<p>The Directorate of Regeneration Enterprise and Skills (DRES) has well established arrangements in place to acquire residential properties and DRES will undertake the acquisition of the properties for this programme. The DRES Property team therefore has the expertise to deliver the acquisition of the properties that are required for this initiative.</p> <p>To date this process has been used acquire 576 homes from the property market, for use as temporary accommodation for</p>	<p>Gary Stevens Senior Surveyor 12/04/2024</p>

	homeless households. Given the timeframes, DRES will divert the lead officer from existing work of RTB funded acquisitions and mainstream property to undertake the property purchases for this initiative provided on the basis that: it will not affect or put at risk the RTB street acquisition programme and in turn our RTB expenditure deadlines and: that the officer costs will be met by Housing & Safer Communities.	
Health & Adults	The LAHF funding will make a key contribution to purchasing properties that can be used to support Afghan refugee resettlement. The Royal Borough of Greenwich is a Borough of Sanctuary, and the accommodation will help the local authority to meet any future commitment to Afghan resettlement.	Nick Davies Adult Social Care Director 15/04/2024

10. Report Appendices

10.1 The following documents are to be published and form part of the report:

Appendix 1: Memorandum of Understanding to deliver the Local Authority Housing Fund: Round Three

Appendix 2: Acquisition, allocation and programme assumptions

11. Background Papers

11.1 Cabinet Report, 17th May 2023: Borough of Sanctuary Strategy

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