

Report for: Cabinet Member Signing-

Item number: To be added by the Committee Section

Title: *Acquisition of properties up to £700,000 for Housing use*

Report

authorised by: David Joyce, Director of Housing, Regeneration and Planning

Lead Officer: Jonathan Kirby, Assistant Director of Major Projects, and Property

Ward(s) affected: ALL

Report for Key/

Non-Key Decision: Reports to the Cabinet should be classified according to the definition of a key decision set out in the Council's Constitution (Part 4, Section D, Rule 12 Access to Information Rules).

1. Describe the issue under consideration

- 1.1. The council has a significant Temporary Accommodation (TA) challenge like many local authorities across the country. We currently have over 2446 families in temporary accommodation.
- 1.2. The council has a successful programme of purchasing properties and leasing them through Haringey Community Benefit Society (HCBS) to help address this TA need. Based on the data and requirements of the TA list, the council require at least 10% of 4-bedroom properties and above to meet demand
- 1.3. The average price of a 4-bedroom property in Haringey is £750,000, therefore, this report recommends that approval is granted to acquire larger family homes, which are valued up to £700,000, through the acquisition programme.

2. Cabinet Member Introduction

N/A

3. Recommendations

It is recommended that the Leader of the Council

- 3.1. Approves the acquisition of 40 larger sized family homes over two years capped at a maximum total sum of £28,000,000. This equates to acquisition of 40 homes at an average of £700,000 per property through the acquisitions programme, which meet the current assessment criteria for purchasing properties outlined in 6:10; and
- 3.2. Delegates authority to the Director of Housing, Planning and Regeneration, after consultation with the Director of Finance and the Head of Legal and Corporate Governance (Monitoring Officer), to negotiate and purchase of each of the 40 individual properties up to a value of £700,000 which meet the current assessment criteria for purchasing properties.

4. Reasons for decision

- 4.1. Part 7 of the Housing Act 1996 (as amended) sets out the duties to households who are homeless or threatened with homelessness. If a main housing duty is accepted, housing authorities must ensure that suitable accommodation is available for the applicant and their household until the duty is brought to an end, usually through the offer of a settled home. A suitable offer of a settled home which would bring the main housing duty to an end includes an offer of a suitable secure or introductory tenancy with a local authority, an offer of accommodation through a private registered provider (also known as a housing association) or the offer of a suitable tenancy for at least 12 months from a private landlord made by arrangement with the local authority.
- 4.2. Whilst the wait for social housing is long for all family sized accommodation, historically there has been a shortage of larger homes available to let to families in TA, resulting in even longer stays in temporary accommodation. Additional supply of larger sized family homes would have a positive impact on the length of time waiting for accommodation for residents who require this property size.
- 4.3. Accepting this is an opportunity to lever larger homes into our programme - which will mean overall we are able to deliver more homes for rent and save on costly temporary accommodation providing larger properties which will contribute to the overall Medium Term Financial Strategy.

5. Alternative options considered

- 5.1. Continuing to use temporary accommodation. Temporary accommodation relies heavily on private sector supply. The private sector market has changed significantly in recent years and those properties that are secured have been at increased cost. The reduced supply has also led to the increased use of commercial hotels and B&Bs, more properties secured further afield and increased TA costs. Typically, commercial hotels and B&Bs do not have cooking facilities or separate living areas, only a bedroom and bathroom, and therefore long-term use has an impact both on families mental and financial wellbeing.
- 5.2. Purchasing and relocating families outside of the borough in lower value properties. Whilst this is an option we can and will pursue to increase the number of properties acquired through the programme, various additional factors need to be considered before this could be treated as a viable option. These include affordability of areas outside of the borough to residents and or viability, enabling households to retain their family, employment, schooling, and community links as well as the consideration of practical ongoing management and maintenance costs

6. Background information

- 6.1. The council has a significant Temporary Accommodation challenge like many local authorities across the country. We currently have over 2446 families in temporary accommodation. In recognition of the supply challenges including the use of B&B accommodation and increased costs, the Council has designated TA reduction as a Priority A project. The project consists of a range of work streams including increasing the number of properties purchased to alleviate the use of private sector TA.
- 6.2. Continued use of temporary accommodation relies heavily of private sector supply. Following the pandemic, the private sector market has changed significantly, and London local authorities including Haringey have consistently reported they are

unable to secure temporary accommodation, and private sector lets on the same scale. Those properties that are secured have been at increased cost. The reduced supply has also led to the increased use of commercial hotels and B&Bs, more properties secured further afield and increased TA costs.

- 6.3. Typically, commercial hotels and B&Bs do not have cooking facilities or separate living areas, only a bedroom and bathroom, and therefore long-term use has an impact both on families mental and financial wellbeing. Under The Homelessness (Suitability of Accommodation) (England) Order 2003, the use of commercial hotels and B&B accommodation is permitted, however, this should only be in exceptional circumstances and for families with dependent children and pregnant females, for no more than 6 weeks.
- 6.4. We have 2446 households in temporary accommodation where we have accepted a main housing duty and must continue to provide accommodation until such time as settled housing can be secured. The size of accommodation they require is set out in the table below.

Decision	Bedrooms required						Grand Total
	1	2	3	4	5	6	
Homeless main duty accepted	201	963	1001	233	43	5	2446

- 6.5. On the 18th of November 2014, the Council's Cabinet approved key recommendations including: -

Delegate authority to the Assistant Director, Property & Capital Projects after consultation with the Lead member for Regeneration and Housing, to agree the details of a council acquisition programme subject to confirmation from the council's Chief Finance Officer that the scheme represents value for money.

- 6.6. In July 2018, Cabinet approved the establishment of the Haringey Community Benefit Society (registered on 26 November 2019), with its sole aim being to improve the housing available to Haringey's homeless households and gave delegated authority to the purchase up to 100 individual residential units to be leased to the HCBS to the Director for Housing, Regeneration and Planning in conjunction with the Director of Finance.
- 6.7. Following the insourcing of Homes for Haringey on 1st June 2022, the Council now directly manages the overall programme through the Council's Business Development team whose remit includes conducting all negotiations with the vendor and assisting Legal Services in the subsequent acquisition of properties using RTB (Right to Buy) receipts and other funding sources including the DLUHC grant. Carter Jonas provides the Council with a report on valuation which demonstrated that the acquisition was value for money.
- 6.8. The Director of Placemaking and Housing has authority to authorise acquisitions under Part 3 Section E of the Constitution where the price is for a sum of less than £500,000.00. This authority was given in the Cabinet decision of 17 July 2018 to make this decision
- 6.9. The acquisition programme for 2023/24 delivered 42 properties to the end of March 2024. We were limited to purchasing two 4-bedroom homes due to the funding

limitations in place. In addition, the average sold price for a 4-bedroom home in Haringey in 23/24 was £750,000 and only 7% of properties sold within that year were below the £500,000 threshold authorised to the Director of Placemaking and Housing.

6.10. We are targeting a programme of 150-200 acquisitions per year. In line with the current TA bedroom need, we aim to deliver between 10-20% of the programme as 4 bed homes. This is based on the current TA data showing 285 families currently requiring properties of this size and above. To achieve this aim, most of these properties will need to be secured at purchase prices over £500,000. Using 23/24 property market data this would give us access to a further 14% (Circa 60 properties) of the 4-bedroom housing market in the borough.

6.11. The acquisition of the 40 properties will be funded through various internal and external routes including RTB Receipts, LAHF (Local Authority Housing Fund) from central Government and CHAP grant funding from the GLA (Greater London Authority), along with HRA (Housing Revenue Account) borrowing.

6.12. Specifically, Haringey have secured a grant of £15,483,075 ('the total allocation') in return for the delivery of 60 homes under round 3 of the LAHF programme. The Council agreed to deliver at least: 3 properties for households that meet the resettlement scheme criteria, one of which must be a larger 4-bedroom property. The remaining 57 properties will deliver 2 to 4 bedrooms and allocated to households that meet the TA criteria.

6.13. The funding will part fund the cost of the Council obtaining properties and carrying out void works. Eligible costs include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items.

6.14. It is anticipated that each property will cost up to £700,000.00 each. Each property acquisition will be assessed using the current legal, financial, and quality criteria, ensuring that they offer value for money, are suitable for the intended client group and can service all annual running costs and financing costs associated with the funding programme the property is being purchased for. The criteria include.

- A location suitable for the intended end users and within a suitable distance of council offices to support customer service and maintenance functions.
- A financial viability assessment that ensures sufficient rental and grant income to cover purchase, repair and refurbishment and oncosts resulting in a minimum set surplus to the HRA.
- A building survey and assessment of void works required to bring to a lettable standard and for the cost of these works to not exceed the maximum budget allowance.
- A report on title providing a recommendation for good and marketable title
- A Freehold title or a minimum of 85 years left on a leasehold title
- A RICS certified valuation that supports the purchase price
- Any other requirements as required from the grant funding provider

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes?

- 7.1. The proposal would help to meet the following outcomes within the Council's Corporate Delivery Plan 2023 – 2024: Theme 5 - Homes for the Future - Everyone has a home that is safe, sustainable, stable, and affordable.
- 7.2. An improvement in the quality of housing and resident services in the social rented sector. The properties to be acquired will undergo works to ensure they meet decent homes standards and energy efficient measures are undertaken where possible.
- 7.3. Increasing the quality of temporary accommodation supply within the Council's control to provide safe and affordable supply options and tackle problematic and unsafe exempt accommodation and private hostels.

8. Carbon and Climate Change

- 8.1. The acquisition properties will undergo void works that incorporate energy efficiency measures where required. As well as reducing the running costs for the tenants moving into these homes, the improvements will contribute to the council's net zero ambitions by improving the energy efficiency and sustainability of its stock.

9. Statutory Officers comments (Director of Finance, Procurement, Head of Legal and Governance, Equalities)

9.1. Finance –

- 9.1.1. The maximum sum recommended for the acquisition of the 40 units is £28,000.000 over two years.
- 9.1.2. This recommendation is meant to facilitate the acquisition of larger family units costing not more than £700,000 per unit. The units will be subject to the same viability appraisal prior to offer being made.
- 9.1.3. These acquisitions will be part funded using government grants or RTB retained receipts.
- 9.1.4. The cost of these will be contained within the existing budget provision/MTFS for existing homes acquisition.
- 9.1.5. This will be regularly monitored to ensure that the cost and numbers do not exceed what is contained in this report.

9.2. Head of Legal & Governance -

- 9.2.1. The acquisition of a property valued at £500,000 and above is a key decision. This report seeks authority to acquire a total of 40 properties each to be valued up to £700,000 with delegation being given to the Director to agree the final purchase price for each property.
- 9.2.2. The Council has the power under section 120 of the Local Government Act 1972 to acquire land for any purpose for which it is authorised under any enactment to acquire land or for any of its functions. The property is to be acquired for housing purposes. Under section 17 of the Housing Act 1985 a local housing authority may for the purposes of providing housing accommodation (inter alia) acquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings. That includes the power to acquire land for the purpose of disposing

of houses provided, or to be provided, on the land or of disposing of the land to a person who intends to provide housing accommodation on it or facilities which serve a beneficial purpose in connection with the requirements of persons for whom housing accommodation is provided.

9.3. Procurement –

- 9.3.1.** Strategic Procurement confirms the acquisition of land and property is an exemption under Regulation 10 of the Public Contract Regulations 2015, and therefore there are no procurement implications preventing Cabinet from approving the recommendations in Paragraph 3 above.

9.4. Equality

- 9.4.1.** The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act. Advance equality of opportunity between people who share those protected characteristics and those people who do not.

- 9.4.2.** Foster good relations between people who share those characteristics and people who do not.

- 9.4.3.** The three parts of the duty applies to the following protected characteristics: age disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

- 9.4.4.** Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

- 9.4.5.** The decisions in this report are designed to the purchase of larger family home, which will put in place appropriate financial arrangements to help to increase the supply of homes which are genuinely affordable to residents by acquiring new council-rented homes.

- 9.4.6.** This decision is likely to positively impact individuals in unsuitable temporary accommodation and those who are vulnerable to homelessness. Data held by the council suggests that women, young people, those from a lower socioeconomic background and Black, Asian, and Minority Ethnic (BAME) people are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics, as well as those who identify as LGBT+ and disabled people, are known to be vulnerable to homelessness. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics and that this decision will positively advance the public sector equality duty in Haringey.

- 9.4.7.** Additionally, it is noted there are no negative impacts on those with protected characteristics expected from these decisions.

10. Use of Appendices

None

11. Background papers

None

12. External Links

None