



**Cabinet
17 October 2022**

**Report from the Corporate Director,
Resident Services**

Right to Buy Back – Acquisition of 10 Properties

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Emily-Rae Baines Head of Affordable Housing & Partnerships 020 8937 1131 Emily-Rae.Maxwell@brent.gov.uk

1. Purpose of the Report

- 1.1. This report seeks permission to purchase ten properties in the open market, for general needs housing and to inform members of a further GLA grant award of £91,000 from the London Mayor's fund to support the administrative costs associated with the acquisitions.

2. Recommendations

- 2.1. That Cabinet:
 - 2.1.1. Approve the proposed acquisition of up to ten properties from the open market.
 - 2.1.2. Approve a maximum budget of £3.2m to cover the remaining balance of acquisition.

3. Detail

- 3.1. The maximum value for a 3-bedroom purchase will be £320,000, with the maximum value for a 2-bedroom property set at £305,000. These values are based on receipt of GLA funding of £100,000 per property. The £3.2m requested is to cover the remaining balance. Each acquisition will not exceed the max price, which has been determined following viability appraisals.

4. Council's Statutory Duty to prevent homelessness.

- 4.1. The Housing Act 1996, provides the statutory responsibilities underpinning the action to prevent homelessness and provide assistance to people who are threatened with or are actually homeless.
- 4.2. The Council has a statutory duty to produce a local homelessness strategy. The strategy must be renewed at least every five years.
- 4.3. As part of this strategy, the overarching strategic aims for Council should be to address:
 - homelessness prevention
 - securing sufficient accommodation for the homeless
 - providing support for the homeless
- 4.4. The Council's Affordable Housing and Partnerships team is responsible not only for facilitating the supply of new affordable housing, but also ensure that this supply meets the need as defined by approaches to the Housing Needs service and existing.

5. Overcrowding.

- 5.1. The housing need survey included in the February 2020 update report on the New Council Homes Programme, showed that Brent's largest requirement for affordable housing was for 2 bedroom and above, hence we are focusing on these type of properties for purchase.

6. Council's Housing Target

- 6.1. In order to meet the homelessness prevention and secure sufficient accommodation for the homeless, the Council has a housing target of providing approximately 5,700 new affordable homes by 2028, at least 1,700 of which will be through the Council's own New Council Homes Programme.
- 6.2. The Local Plan 2022 states "the Council recognises that the largest issue facing it and the borough is the lack of sufficient homes to meet needs. As such it wants to maximise the amount of homes that can be delivered, with truly affordable homes being especially important, to meet the needs principally derived from its residents."

7. LA Affordable Homes Programme 2016-23

- 7.1. The Mayor of London has launched a new Right to Buy-back fund to help increase the stock of Council-owned housing and to mitigate the historic impact of the Right to Buy policy on London's affordable housing. The new Right to Buy-back fund, forms part of the Affordable Homes Programme 2016-23.
- 7.2. The GLA is making funding available for affordable housing tenures, but specifically encourages and expects to allocate the majority of grant under this fund to bids for acquisitions that will be let at social rent levels for households who are homeless or at risk of homelessness and in housing need.

- 7.3. Accommodation for homeless households acquired through the Right to Buy-back fund must be self-contained and, in line with standard contractual requirements for rental tenures under the Building Council Homes for Londoners programme, must be acquired with either a freehold interest or a lease with a minimum of 60 years unexpired duration. Rents must be set in accordance with national rent setting policies for social rents.
- 7.4. Homes acquired through this fund must be within the borough boundary. Successful bidders will need to enter into a standard form contract with the GLA to secure affordable housing grant through this fund. To meet the GLA approvals process all the properties must be acquired and completed before March 2023 and will provide the Council with a number of quick win properties to assist with meeting our immediate affordable housing needs, particularly for those in temporary accommodation. They will also go towards meeting the Council's overall target for affordable homes. All the properties will be two Bedroom or above if values allow, and will be provided at social rent.
- 7.5. The acceptance legal contract required for the additional grant award of £91,000 was required by 31st July 2022 and this was undertaken by our legal team accompanied with a report for approval via the Finance Director and Operations Director of Housing, under Delegated Powers.

8. Financial Implications

- 8.1. A financial appraisal has been undertaken to establish the maximum acquisition and development cost of the affordable units. The analysis assumes the units will be let at Social Rent rates. To ensure viability, the maximum cost for the purchase and works for a 2-bed unit is £305,000 and £320,000 for a 3-bed unit. The total budget request for the 10 units is £3.2m, which may not be fully utilised depending on the exact unit size acquired. Each unit will be assessed for viability on a case-by-case basis.
- 8.2. The Council has secured grant funding of £1m at £100,000 per unit for the purpose of increasing the stock of Council-owned affordable housing from the GLA. The Council has also secured £91,000 from the Mayor's Fund to support the administration costs of the associated acquisitions. Failure to observe the grant conditions or achieve the specified delivery numbers may lead to a requirement to repay grant funding therefore efficient and timely acquisition approaches are essential to mitigate the risk.
- 8.3. It has been assumed that the Council will receive 100% Stamp Duty Land Tax (SDLT) relief based on the assumption that:
 - a) The Council is deemed to be a relevant housing provider that is controlled by its tenants; and
 - b) The application of GLA grant receipts meets the requirements of a qualifying public subsidy.
- 8.4. The agreed maximum purchase price per property is the amount, which can be supported within our parameters, supported by £100,000 per property GLA grant.

9. Legal Implications

- 9.1. Section 17 (1) (b) of the Housing Act 1985 provides for Acquisition of land for housing purposes and provides powers for the Council to 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 provides that Land may be acquired by a local housing authority by agreement.
- 9.2. The occupiers of the units will be secure tenants provided the conditions are met pursuant to sections 79, 80 and 81 of the Housing Act 1985. Accordingly the tenant may exercise its Right to Buy the unit pursuant to part V of the Housing Act 1985

10. Diversity Implications

- 10.1. The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 10.2. Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 10.3. There is no prescribed manner in which the Council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.
- 10.4. The proposals in this report have been subject to screening and Officers believe there are no adverse equality implications.

Report sign off:

Peter Gadsdon

Corporate Director for Resident Services