

Report for:
ACTION/INFORMATION* (delete as appropriate)

Item Number:

Contains Confidential or Exempt Information	NO
Title	Right to Buy-back Fund - GLA Grant Agreement
Responsible Officer(s)	Philip Browne, Director of Housing Development
Author(s)	Elaine Dorricott/Edward Ferneyhough
Portfolio(s)	Genuinely Affordable Housing - Cllr Lauren Wall Good Growth - Cllr Shital Manro
For Consideration By	Cabinet
Date to be Considered	15 June 2022
Implementation Date if Not Called In	28 June 2022
Affected Wards	All
Keywords/Index	Housing, regeneration, homes, delivery, affordable, development, GLA, RTB, grant agreement

Purpose of Report:

This report advises members of a new Right To Buy-back Fund where Ealing has received an allocation from the GLA to acquire homes for Temporary Accommodation and seeks approval to enter into the associated grant agreement

1. Recommendations

It is recommended that Cabinet:

- 1.1 Notes that the application for up to £3.250m to the GLA Right to Buy-back Fund has been successful.
- 1.2 Agrees that the Council enter into the grant agreement to secure the funding.
- 1.3 Delegates authority to the Director of Housing Development to finalise the terms of the grant agreement with the GLA and authorise the Council to enter into the agreement.
- 1.4 Approves an increase in the Temporary Accommodation Acquisitions Framework capital budget by up to £2.223m to be fully funded by the grant at 1.1.

- 1.5 Approves the substitution of up to £1.027m of the grant at 1.1 in place of currently approved borrowing supporting the TA Accommodation Acquisitions Framework capital budget.

2. Reason for Decision and Options Considered

Right to Buy-back fund background

- 2.1 The Mayor of London has launched a new Right to Buy-back (RTBB) 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. This forms part of the GLA's Affordable Homes for Londoners Programme 2016-2023.
- 2.2 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 or accommodation within Affordable Rent levels or Local Housing Allowance rates (whichever is lower) for households who are homeless or at risk of homelessness and in housing need.
- 2.3 The standard grant rate is £100,000 per property under the social housing route and £65,000 per property under the temporary accommodation (TA) route.
- 2.4 100 per cent of grant is payable upon completion once the grant recipient has confirmed that the relevant land acquisition milestone has been achieved.
- 2.5 Acquisitions funded through the Right to Buy-back fund must be completed before March 2023 and only capital funding is available to support the acquisition costs of these homes.
- 2.6 All homes purchased through this scheme must also meet the Government's Decent Homes Standard, be in a fit condition (subject to ongoing repairs and maintenance) to be occupied for the agreed purpose for at least a further 30 years and do not form part of any known or anticipated plans for demolition within that timeframe.
- 2.7 For properties to be eligible for Right to Buy-back Funding, bidders must acquire either a freehold interest or a leasehold interest with a minimum of 60 years unexpired duration.
- 2.8 Ealing have successfully bid and received an allocation up to £3.250m to part-fund the acquisition of up to 50 properties for use as Temporary Accommodation.

3. Key Implications

- 3.1 On February 2020, Cabinet launched the Temporary Accommodation

Acquisitions Framework, authorising the initial acquisition of up to 58 homes for homeless families. On 15 September 2020, a revised programme was presented to Cabinet increasing the acquisitions target from 58 to between 109 and 139.

- 3.2 In August 2021 the Mayor launched the Right to Buy-back Fund to help increase the stock of Council-owned housing and mitigate the historic impact of the Right to Buy. There are two bidding routes for the fund, one for social rented accommodation and one for temporary accommodation for homeless families, with associated grant rates.
- 3.3 To qualify for the scheme properties must be within the boundaries of the purchasing authority and meet the Decent Homes Standard. Rents must be set at Local Housing Allowance levels or 80% of market rent (whichever is lower).
- 3.4 Ealing has successfully bid under the temporary accommodation route for 25 properties acquired through the TA Acquisitions Framework in 2021/2022 identified as qualifying for the scheme (£1.625m). In addition, funding has been secured for a further 25 properties (£1.625m) subject to completion by March 2023.
- 3.5 As a successful bidder Ealing is required to enter into a standard form grant agreement with the GLA to secure affordable housing grant through this fund. Contracts may vary if necessary, to accommodate the structure of a project, but will retain the key provisions of the GLA's standard form agreements. Template contracts for the Building Council Homes for Londoners programme are published on the GLA's website (see contract appendix 1). Where variations to existing contracts or new contracts are required to accommodate the structure of a project, bidders will be required to meet all legal costs incurred by the GLA.

4. Financial

- 4.1 The report builds upon previous reports to Cabinet on TA Capital Purchase Schemes, namely:
 - Phase 1 (Cabinet February 2020) - £23.110m for 58 properties to be funded by £10.500m grant and £12.610 borrowing
 - Phase 2 (Cabinet September 2020) – additional £19.153m for 81 additional properties to be funded by an additional £19.153m borrowing
 - 31 Units in East Acton (Cabinet April 2022) – up to £5.137m for 31 units, but involves some element of Phase 2 funding, to be funded from £3.365m borrowing and £1.772m homelessness preventing grant
- 4.2 Thus, in total £47.400m capital expenditure to be funded from £10.500m LAHSG, £1.772m homelessness prevention grant and borrowing £35.128m, before this report is considered.

- 4.3 This report identifies additional grant of £1.625m from GLA in each of 21/22 (to be applied in retrospect, as substitution for borrowing in that year) and 22/23 for relevant qualifying in properties – 25 in each year at £0.065m grant per TA property purchased. Therefore in total grant of £3.250m over the two years.
- 4.4 The criteria include properties being in borough and rent levels below those currently assumed for the scheme. Therefore, certain modifications will be made to the existing scheme assumptions which have been modelled. To achieve the existing financial criteria regarding net savings, an element of the grant needs to be applied to reduce overall existing borrowing by £1.027m and the number of properties being acquired will be modified within the overall consolidated scheme. The balance of the grant of £2.223m will be an addition to the existing TA capital scheme in 22/23, wholly funded from that element of the grant. It is for the addition of £2.223m of the TA purchase capital expenditure in 22/23 to be funded by grant and the substitution of £1.027m of grant for borrowing that approval is being sought.
- 4.5 With this new approval of capital addition and modified borrowing level as set out at 4.1.3 above and in recommendations 1.4 and 1.5, the scheme will be revised from that set out in 4.1.1 above to the following: up to £49.623m capital expenditure to be funded by up to £10.500m LAHSG, £1.772m homelessness prevention grant, £3.250m GLA RTB grant and £34.101m borrowing.

5. Legal

- 5.1 The GLA has powers under Sections 30 and 34 of the Greater London Authority Act 1999 to do anything it considers will facilitate or which is conducive or incidental to the promotion of economic, social development and wealth creation in Greater London.

6. Value For Money

- 6.1 The Temporary Accommodation Acquisitions framework is subject to ceiling prices (based on location and bed size) at or below which the acquisition of properties would prove value for money for the Council.
- 6.2 High cost cases are prioritized for allocation into acquired units through the scheme so as to maximise the potential revenue benefit to the Council.
- 6.3 Assumptions underpinning the framework have been discussed with finance, validated externally by sector experts and benchmarked against the acquisition programmes the Council has already delivered (e.g. EAPs)

7. Sustainability Impact Appraisal

- 7.1 There are no Sustainability Impacts associated with entering into this grant agreement.

8. Risk Management

- 8.1 To access GLA funding the council will need to enter into grant agreement and claim the grant. Failure to do this in a timely manner to meet GLA deadlines will put the availability of such funds at risk.

9. Community Safety

- 9.1 Providing suitable and sustainable housing provision for homeless households is key to creating and maintaining safe, welcoming and cohesive communities.

10. Links to the 3 Key Priorities for the Borough

- 10.1 The decision is key to delivering on the priority objective of Genuinely Affordable Housing through improving Temporary Accommodation Provision and reducing the number of people in B&B and other forms of unsuitable Temporary Accommodation.

11. Equalities, Human Rights and Community Cohesion

- 11.1 Providing suitable and sustainable housing provision for homeless households is key to creating and maintaining safe, welcoming and cohesive communities.

12. Staffing/Workforce and Accommodation implications:

- 12.1 None.

13. Property and Assets

- 13.1 The TA Acquisitions framework is facilitating the acquisition of up to 139 new homes into the General Fund which the Right to Buy-back Fund will help deliver. Appropriate provision has been made within the business plan assumptions for the ongoing maintenance and management liability on those homes.

14. Any other implications:

- 14.1 None.

15. Consultation

- 15.1 None.

16. Timetable for Implementation

- 16.1 The implementation date for this decision is 28th June 2022.
- 16.2 It is intended to enter into the grant agreement with the GLA by the end of June 2022 so that the council can begin drawing down the grant.

17. Appendices

17.1 Appendix I: Grant Agreement – Building Council Homes for Londoners (Project-by-Project) Agreement.

18. Background Information

- Cabinet Report at Cabinet Meeting: April 2022 – Acquisition of Housing Units - Acton
- Cabinet Report at Cabinet Meeting: September 2020 – Temporary Accommodation Acquisitions Framework Update
- Cabinet Report at Cabinet Meeting: February 2020 – Temporary Accommodation Acquisitions Framework
- Cabinet Report at Cabinet Meeting: September 2013 - Improving the quality of temporary accommodation provision – an alternative to the use of B&B accommodation 15
- Cabinet Report at Cabinet Meeting: May 2016 – Temporary Accommodation Placement Policy
- Cabinet Report at Cabinet Meeting: October 2018 – Increasing the supply of private tenancies

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Lucy Taylor	Executive Director	12.05.2022	18.05.2022	Throughout
Jackie Adams	Head of Legal (Commercial)	06.05.2022	10.05.2022	Throughout
Russell Dyer	Head of Accountancy	06.05.2022	12.05.2022	Throughout
Philip Browne	Director of Housing Development	12.05.2022	12.05.2022	Throughout

Report History

Decision type:	Urgency item?
Key decision	No
Report no.:	Report author and contact for queries:
	Elaine Dorricott – Development Programme Manager Edward Ferneyhough – Project Officer