

Report of: Executive Member for Housing and Development

Meeting of:	Date:	Ward(s):
Executive meeting	25 th November 2021	All

Delete as appropriate:	Exempt	Non-exempt
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SUBJECT: The GLA/DLUH&C Allocation of Funding Programme to acquire 60 x 2 bedroom, 10 X 3 bedroom and 10 X 4 bedroom former ex-right to buy properties for homeless households and the Afghanistan humanitarian housing work

1. Synopsis

- 1.1 The aim of this report is to advise the Executive of the outcome of a capital funding bid made to the GLA to purchase 60 Ex Right to Buy 2 bedroom properties for homeless households and to purchase 10 x 3 bedroom and 10 x 4 bedroom Ex Right to Buy properties for the Afghanistan humanitarian housing work.
- 1.2 Islington Council is the first council in London to access this funding from the GLA.

2. Recommendations

- 2.1 To approve the borrowing of £21.48m within the Housing Revenue Account to supplement the funding provided by the GLA/DLUH&C to enable the council to purchase 60 Ex Right to Buy two bedroom properties for homeless households; and to also approve the borrowing of £10.362m within the Housing Revenue Account to supplement this funding provided by the GLA/DLUH&C to enable the council to purchase 10 x 3 bedroom and 10 x 4 bedroom Ex Right to Buy properties as part of the council's Afghanistan humanitarian work.
- 2.2 To note the capital funding totalling £4.5 million allocated to Islington Council by the DLUH&C/GLA and to commence the purchase 60 two bedroom former ex Right to Buy properties in Islington to accommodate homeless households with a local connection to Islington; in addition to this to note the capital funding totalling £1.900m allocated to Islington Council by the DLUH&C/GLA and to commence the purchase 10 x 3 bedroom and 10 x 4 bedroom former ex Right to Buy properties in Islington to accommodate people through the Afghanistan housing work.

2.3 To note the funding and to commence the purchase of these properties immediately.

2.4 To approve the budget increases as outlined in 4.1.3

3. Background

3.1 Islington Council is currently accommodating 930 homeless households who are living in temporary accommodation. This is the highest level of people living in temporary accommodation for a considerable period of time due to the financial fall out of the COVID19 pandemic.

3.2 The Mayor of London, Sadiq Khan has announced that Islington Council is the first borough to secure funding from his Right to Buy Back scheme to secure long-term housing for Afghanistan refugees and for homeless households.

3.3 London has a proud history of providing sanctuary to those in need and the Mayor of London has made clear that he wants to do everything in his power to support Afghanistan refugees to establish a long-term future in the city. In late August, as thousands of Afghanistan people fled the advancing Taliban, the Mayor of London announced he was expanding his new Right to Buy-back fund to help councils buy homes that can be used to resettle families arriving from Afghanistan. In recognition of the emergency situation, the Mayor of London agreed to provide increased funding for family-sized homes purchased through the programme, which has led to Islington Council receiving this funding.

3.4 Islington Council has a long and proud history of offering sanctuary to people in need, and Islington Council stand ready to help Afghanistan refugees in every way we can.

3.5 Homeless households are now spending longer periods of time living in temporary accommodation due to the reduction of available council and housing association lettings, again as a result of the effects of COVID 19. In addition to this the number of homeless households living in temporary accommodation continues to increase.

3.6 Islington Council is the first council in London to secure this funding from the GLA which was announced on the 13th July 2021.

3.7 This funding will secure 60 x 2 bedroom properties for homeless households, 10 x 3 bedroom properties and 10 x 4 bedroom properties for Afghanistan humanitarian work, with all purchases resulting in the acquisition of Ex Islington Council Right to Buy properties.

3.8 The acquisition of these properties will ensure homeless households and people fleeing Afghanistan are now provided with good quality accommodation locally in Islington to enhance community well-being.

3.9 The current crisis underlines the importance of this funding. But it is not only needed for those in expensive emergency temporary accommodation as a result of homelessness and the financial effects of the pandemic. It is also required to provide longer-term homes for those who need to live in Islington for employment reasons or to provide or receive support from family and friends.

3.10 The aim of the programme is to boost delivery of affordable accommodation for homeless households locally in Islington.

4. Implications

4.1 Financial implications:

4.1.1 It is estimated that the combination of GLA (HRA) capital grant of £4.5m and HRA borrowing of £21.48m will facilitate the purchase of 60 x two bedroom dwellings in Islington for homeless households. It is also estimated that the combination of GLA (HRA) capital grant of £1.900m and HRA borrowing of £10.362m totalling £12.262m will facilitate the purchase of 10 x three bedroom dwellings and 10 x four bedroom properties in Islington for up to £465k for the 3 bedrooms & up to £650k for the 4 bedrooms.

4.1.2 The financial viability assessment based on a 30 year cash flow indicates a breakeven position based on rents being set at the relevant Local Housing Allowance (LHA) rate which means the cost of HRA borrowing (interest) is covered by the net rental income received.

4.1.3 Although the overall impact on both the HRA budgets for the purchase of the 60 x 2 bedroom Ex Right to Buy properties is net nil the following increases in both expenditure & income budgets are required in 2021-22:-

HRA EXP. Budgets

Capital (dwelling purchases) £25.98m

HRA INCOME Budgets

Revenue RCCO (short term) £21.48m

GLA (Capital) Grant £4.5m

In the medium term the HRA will be required to borrow £21.48m at a cost of around £645k per year in interest to be funded from NET Rents £645k – these budgets will be adjusted in a future budget setting cycle.

4.1.4 Although there is an overall net nil financial impact on the HRA for the acquisition of the 10 x 3 bedroom and 10 x 4 bedroom Ex Right to Buy properties the following expenditure & income budgets will need increasing in 2021-22 & 2022-23.

The Director of Housing Needs & Strategy is confident all 20 purchases will be completed in 2021-22 as such an increase in the HRA Capital budget provision is required in 2021-22 totalling £12.262m.

To be financed from: HRA Borrowing of £10.362m & GLA Capital Grant of £1.900m

However, in the short term the borrowing will be covered by HRA reserves as such in 2021-22 the HRA RCCO budget will need to be increased by £10.362m.

In terms of the ongoing revenue impact the interest on borrowing (estimated at a prudent 3.5%) £363k per annum will be covered by the net rent. This will be included as part of the 2022-23 budget setting process any part year impact towards the last quarter in 2021-22 will be accommodated within existing HRA contingency.

4.1.5 In addition to the GLA capital grant, for the acquisition of the 10 x 3 bedroom and 10 x 4 bedroom properties the Council will receive central Government grant funding of £20.5k per person (payable over 3 years) as part of Islington Council's humanitarian work. It has been estimated that this will enable the Council to provide the Afghanistan households with financial support, over around a 4 to 5 year period, to cover both living expenses and any shortfall in Housing Benefit arising as a result of the benefit cap being breached. In the longer term it is anticipated that the Afghanistan families will either gain employment

(thereby removing them from the benefit cap) and or move on to alternative accommodation. Should households move on it is anticipated that there will be ongoing demand within the refugee community for these larger properties.

4.1.6 In order to avoid GLA grant claw back & for the Council to retain the full £4.5m GLA capital grant for the purchase of the 60 x 2 bedroom properties for homeless households the service needs to be provided for 30 years. At the end of the 30 year term, if the service was no longer required, the Council would need to sell an estimated 20 of the 60 x 2 bedroom dwellings in order to repay the debt the remaining 40 properties could be retained for general needs purposes & let at social rent. In addition to this to avoid the GLA grant claw back on the purchase of the 10 x 3 bedroom and 10 x 4 bedroom properties as part of the Afghanistan humanitarian work and for the Council to retain the full £1.9m GLA capital grant the service needs to be provided for 30 years. At the end of the 30 year term, if the service is no longer required, the Council would need to sell an estimated 50% (10) of the 20 dwellings in order to repay the debt the remaining 50% (10) of the dwellings could potentially be retained for general needs purposes & let at social rent.

4.1.7 There remains a risk that we cannot sustain the delivery of the service for the full 30-year period, this could arise for example if the demand for temporary accommodation/two beds declines over time or there is no longer a need for 3 and 4 bedroom properties.

4.1.8 In this event we would potentially have the option to sell. House prices in Islington have risen by around 12% over the last 6 years so it is not unreasonable to assume we could sell the dwellings if necessary & both repay the proportion of the grant claw back & redeem the outstanding debt. Alternatively, there is also the potential option to convert the 3 & 4 bed dwellings into smaller sized temporary accommodation provision for which ongoing long term demand is anticipated.

4.2 Legal Implications:

4.2.1 The Council has legal duties under the Homelessness Reduction Act 2017 to help secure housing accommodation for people who are homeless or under threat of homelessness. Under sections 9 and 17 of the Housing Act 1985 the Council has the necessary power to acquire land and buildings for housing purposes to provide housing accommodation as proposed in this report.

4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

4.3.1 Purchasing 60 existing two bedroom properties, 10 existing three bedroom properties and purchasing 10 existing four bedroom properties this will contribute positively to the council's environmental commitment, by purchasing existing properties and improving/reducing the carbon outputs through the capital works programme and reducing the use of natural resources.

4.4 Resident Impact Assessment:

4.4.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to

participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

- 4.4.2 S149(3) provides that having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 4.4.3 This programme will contribute positively to the council equality of opportunity principles, the Human Rights of individuals and the elimination of rough sleeping in Islington.
- 4.4.4 A Resident Impact Assessment was completed on the 21st May 2021, and is attached to this report as Appendix 1.
- 4.4.5 As a public authority, the council must take account of the provisions of the Human Rights Act 1998 and not act in a way, which is incompatible with a Convention right. Under Article 8, any interference with the right to respect for a person's private and family life and home must be proportionate and Article 14 requires that there must be no unjustified discrimination within the scope of human rights on any grounds, such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth, or other status.

5. Reason for recommendations

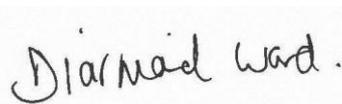
- 5.1 To assist the council's commitment of ending homelessness in Islington

Appendices: Appendix 1 - Resident Impact Assessment

Background papers: None

Final report clearance:

Signed by:



Executive Member for Housing and Development

16 November 2021

Date

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