

# Cabinet

**Wednesday, 11 September 2024 at 5.30 p.m.  
Council Chamber - Town Hall, Whitechapel**

## Supplemental Agenda 1

**6 .9 Council Housing Acquisitions Programme (CHAP) and Local Authority Housing Fund (LAHF R3) (Pages 3 - 10)**


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<p><b>Cabinet</b></p> <p>Wednesday, 11 September 2024</p>	
<p><b>Report of:</b> Paul Patterson, Corporate Director, Housing and Regeneration</p>	<p><b>Classification:</b> Open (Unrestricted)</p>
<p><b>Approval of Inclusion of Grant Funding for GLA Council Housing Acquisitions Programme (CHAP) and MHCLG Local Authority Housing Fund (LAHF R3) into the Council’s Capital Programme.</b></p>	

<b>Lead Member</b>	<b>Councillor Kabir Ahmed, Cabinet Member for Regeneration, Inclusive Development and Housebuilding</b>
<b>Originating Officer(s)</b>	Rupert Brandon
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Reason for Key Decision</b>	Financial threshold and Significant impact on wards
<b>Forward Plan Notice Published</b>	13.08.24
<b>Exempt information</b>	None
<b>Strategic Plan Priority / Outcome</b>	Homes for the Future  Everyone in Tower Hamlets should feel safe and live in good-quality homes and healthy, inviting neighbourhoods.

**Special Circumstances Justifying Urgent Consideration (also known as ‘Reasons for Urgency’)**

This report was published after the statutory publication deadline due to delays obtaining confirmation of available match funding needed. The report cannot wait until the next scheduled meeting of Cabinet as, if approval is delayed, it will mean that grant can’t be drawn down for a number of projects that require funding now in order to progress.

**Executive Summary**

The report seeks approval for the inclusion of two capital schemes, with external grant funding into the Council’s housing capital programme to comply with grant allocation conditions.

External funding has been made available by the GLA for its Council Housing Acquisition Programme (CHAP). This £40m of grant funding for the Council is for

permanent homes. MHCLG has made £8.3m available from its Local Authority Housing Fund Round 3 (LAHF R3) programme for the purchase of 32 temporary accommodation (TA) homes as well as 5 permanent homes for the Afghan Citizen Resettlement Scheme.

### **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Apply £40M GLA and £8.3 MHCLG grant funding, and the associated Council match funding into the Council's capital programme.

### **1 REASONS FOR THE DECISIONS**

- 1.1 Approval for schemes within the capital programme is required as a condition of grant availability.
- 1.2 Grant funding from both the GLA and MHCLG can only be made available once formal Cabinet approval has been given by the Council that it has included the schemes within its capital programme.

### **2 ALTERNATIVE OPTIONS**

- 2.1 Not to approve the inclusion of the funding offered and forego the grant and for the council to purchase homes without grant funding or not make the acquisition.

### **3 DETAILS OF THE REPORT**

- 3.1 The Council has 25,072 households on the housing register, as of 31.8.24, and of these 10,898 are overcrowded and have high priority in bands 1 and 2.
- 3.2 The Council has an ambitious programme to deliver 4,000 affordable homes for rent, either directly under a Council led affordable homes programme, via housing association partners, or through Section 106 agreements with developers. This programme is an expansion of the plans to meet the challenge to deliver much needed homes and contribute to the reduction in households in overcrowded homes and homeless families in temporary accommodation.
- 3.3 Funding for two acquisitions programmes have been made available by the GLA and MHCLG respectively that will allow the Council to acquire new build market housing and existing leaseholder homes in Council stock where the leaseholder wishes to sell to the Council. Cabinet approval is specifically required to draw down on these grants.
- 3.4 This report seeks approval of the drawdown of grant funding available to be included within the Council's capital programme. Homes that are acquired under the grant programme must be ones that are currently designated as private market homes to be eligible for funding. Value for money will be

evidenced as the properties will be acquired at independently validated and commercially negotiated market-based values.

- 3.5 Following a GLA funding announcement, as part of its 2021-2026 Homes for Londoners: Affordable Housing Programme, a bid was made by the council. The GLA confirmed that it will fund provide a total grant allocation of £40m. The balance of the scheme costs will be met by Council borrowing, which has been included in the Council's HRA Business Plan for acquisitions. All homes will be permanent council homes and will be sourced in the borough in accordance with the funding conditions.
- 3.6 The Council will mainly acquire new build homes from developers, as this will enable bulk purchases. The balance of homes will be from existing Council leaseholders selling to the Council. Other local market-based opportunities can be taken advantage of should the relevant opportunities arise. Priority will be given to acquiring larger buy back homes within existing estates, as an aid to meeting overcrowding. The Council can prioritise larger homes in its acquisition of market units, working with developers if need be, to reconfigure blocks.
- 3.7 All homes in this programme must be acquired, or to have exchanged contracts by March 2026. Should the Council exceed its monitored target, it may be eligible to bid for additional funding. The Council intends to work rapidly to acquire homes ahead of schedule. Additional grant is not a given as it depends on fund availability and performance of other grant receiving boroughs across London.
- 3.8 An MHCLG funding round for Local Authority Housing Fund recently concluded and the Council has been awarded an allocation of £8.3M, following new Government ministers considering bids. The balance will be met by borrowing from the HRA. All homes, like those in the GLA programme, must be acquired or have exchanged contracts by March 2026. Thirty-two homes will be acquired for temporary accommodation use and 5 homes will be permanent homes for Afghan refugees. All homes will be in borough in accordance with the funding conditions.
- 3.9 Both the GLA and MHCLG have set a delivery schedule that allows the Council to gear up its programme and opportunities for additional funding. The Council will be monitored against their programmes. The Council will work at pace to exceed the monitored programme as the best way to attract addition grant.
- 3.10 All homes undergo a valuation to ensure that the Council meets best value assessments.

- 3.11 While awaiting confirmation of funding, and in anticipation of receipt, officers have embarked on actions to help speed delivery. Twenty-four leasehold buy back homes have been valued and heads of terms are being drawn up.
- 3.12 Negotiations are also ongoing with developers for acquiring new build homes within this financial year.

#### 4 **EQUALITIES IMPLICATIONS**

- 4.1 The procurement and development of homes as part of the housing capital programme reduces inequality by housing those most in need, whether due to overcrowding or being in temporary accommodation. The inclusion of these two funding streams expands on this provision.

Is there a risk that the policy, proposal or activity being screened disproportionately adversely impacts (directly or indirectly) on any of the groups of people listed below ?  Please consider the impact on overall communities, residents, service users and Council employees.  This should include people of different:	Yes	No	Comments
▪ <b>Sex</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The new homes will be allocated irrespective of sex.
▪ <b>Age</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Homes will allocated based upon housing need
▪ <b>Race</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The new homes will be allocated irrespective of race/ethnicity, with the exception of five homes for Afgan resettlement.
▪ <b>Religion or Philosophical belief</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The new homes will be allocated irrespective of religion/faith
▪ <b>Sexual Orientation</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The new homes will be allocated irrespective of sexual orientation.
▪ <b>Gender re-assignment status</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The new homes will be allocated irrespective of gender.

<ul style="list-style-type: none"> <li>▪ People who have a <b>Disability</b> (physical, learning difficulties, mental health and medical conditions)</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	New build homes will
<ul style="list-style-type: none"> <li>▪ <b>Marriage and Civil Partnerships</b> status</li> </ul>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	The new homes will be allocated irrespective of marriage/civil partnership status.
<ul style="list-style-type: none"> <li>▪ People who are <b>Pregnant</b> and on <b>Maternity</b></li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The new homes will be allocated irrespective of maternity status.
<p>You should also consider:</p> <ul style="list-style-type: none"> <li>▪ <b>Parents and Carers</b></li> <li>▪ <b>Socio-economic</b> status</li> <li>▪ People with different <b>Gender Identities</b> e.g. Gender fluid, Non-binary etc.</li> <li>▪ Other</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The scheme will deliver much needed affordable homes, which is a proven factor in increasing an individual's socio-economic position. The scheme will enable children in families currently living in insecure or overcrowded accommodation to receive new and adequately sized homes of a high quality.

## 5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 All homes are valued to ensure that the Council meets best value assessments.

## 6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 This report is seeking approval for the inclusion of two capital schemes within the capital programme, Council Housing Acquisition Programme (CHAP) and the Local Authority Housing Fund Round 3 (LAHF R3) Programme.

- 6.2 External funding has been approved for both schemes with the GLA providing £40m for the CHAP programme to part fund the acquisition of permanent homes. MCHLG is providing £8.3m grant funding contributing to the acquisition of 32 homes for temporary accommodation use and 5 Afghan units as part of the LAHF R3 programme.
- 6.3 The Council will need to provide match funding on top of the grants for both schemes to progress. This funding will be through prudential borrowing within the Housing Revenue Account.
- 6.4 Both schemes have been modelled within the HRA Business Plan and are affordable with the HRA remaining within its approved financial parameters of minimum reserve balances of £10m and an Interest Cover Ratio of 1.15. This modelling includes the revenue implications from acquiring these properties, including ongoing management and repairs and maintenance costs, rents received and interest payments on the borrowing.
- 6.5 The HRA has headroom for further borrowing should the CHAPS scheme be extended and additional grant be made available. The scale of any additional investment would need to be modelled to ensure it remains affordable within the HRA.

## **7 COMMENTS OF LEGAL SERVICES**

- 7.1 The Council must comply with the principles of Best Value and seek to ensure the best possible outcome when expending resources in the acquisition of land or property.
- 7.2 All relevant legislation must be complied with including the Public Contract Regulations 2015 and from the 28<sup>th</sup> October the new Procurement Act rules.
- 7.3 The Council must ensure that any housing acquired is allocated in accordance with its allocation policy and the provisions of the Housing Act 1996.].

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

#### **Appendices**

- NONE

#### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**



- NONE

**Officer contact details for documents:**  
Rupert Brandon

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