

	<h2>CHIEF OFFICER IN CONSULATION WITH COMMITTEE CHAIRMAN DELEGATED POWERS REPORT</h2>
<b>Title</b>	<b>The acquisition of 13 Underhill House, Burgess Street, London, E14 7AX</b>
<b>Report of</b>	Deputy Chief Executive
<b>Wards</b>	None
<b>Status</b>	Public
<b>Enclosures</b>	None
<b>Officer Contact Details</b>	Russell Buchanan, Acquisitions Programme Manager, Barnet Homes, 0208 259 4355, russell.buchanan@barnethomes.org
<h3>Summary</h3>	
<p>This report seeks authority for the direct purchase of 13 Underhill House, Burgess Street, London, E14 7AX for use as part of the Housing Acquisition programme.</p>	

<h3>Decisions</h3>	
<p><b>1. To authorise the private treaty acquisition at a purchase price of £315,000 for 13 Underhill House, Burgess Street, London, E14 7AX in accordance with associated costs as mentioned in this report, and Heads of Terms to be agreed in respect of this property.</b></p>	

**1. WHY THIS REPORT IS NEEDED**

- 1.1 Due to continuing high demand for housing and rising housing costs, the number of households in temporary accommodation has continued to remain high and currently stands at over 2,600.
- 1.2 The cost of providing temporary accommodation for homeless applicants in London currently stands at approximately £3,400 per annum net for each new household placed in a 2 bedroomed property.
- 1.3 To help provide affordable housing solutions, Barnet Homes has developed and delivered a range of solutions, including developing successful cost effective

long-term temporary accommodation solutions. The proposed scheme is part of a comprehensive set of mitigations designed to help address long-term General Fund budget pressures.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 Acquiring additional affordable accommodation will provide the opportunity to increase affordable housing supply relatively quickly at a lower long-term cost than other temporary accommodation alternatives.
- 2.2 The accommodation will be used as affordable temporary housing, and Barnet Homes will work with households to help them secure more settled accommodation in the longer term.
- 2.3 Existing temporary accommodation rates mean that for each new household placed in 2-bed emergency temporary accommodation costs the Council approximately £2,400 net per annum. With bad debt provision and management costs factored in, this figure increases to approximately £3,400 net per annum, per household.
- 2.4 Delivery of a programme of acquisitions from the open market has a number of benefits, not least the ability to deliver revenue benefits against alternative temporary accommodation options, eradicate exposure to inflationary increases in the cost of providing temporary accommodation and provide greater opportunity to reduce long-term General Fund costs.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 None

## **4. POST DECISION IMPLEMENTATION**

- 4.1 This acquisition is part of the Housing Acquisition Programme focuses on the acquisition of up to 300 properties purchased from Q4 2017/18.
- 4.2 Barnet Homes will provide a full management service the property purchased and will be used to provide long-term temporary accommodation, let at 100% of the relevant Local Housing Allowance rate.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 This approach aligns with the London Borough of Barnet's Housing Strategy 2015-2025 that aims to increase the supply of affordable housing available to homeless households and encourage institutional investment in the private

rented sector.

5.1.2 Properties acquired as part of the Housing Acquisitions Programme are delivered at a lower cost long-term than existing methods of providing temporary accommodation, thus reducing pressure on the Council's General Fund.

5.1.3 Properties let through this method could be used for temporary accommodation for homeless household or have the potential to be used for the provision of residential accommodation for key-workers at sub-market rents.

## 5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 The cost and additional payments will not exceed **£387,330** (**£315,000** purchase cost, **£15,200** stamp duty and **£57,130** other costs). The purchase price reflects valuation provided by an independent valuer. This is an invest to save strategy and all future costs and income will be allocated to the Housing Needs and Resources (HNR) General Fund budgets. The Capital Programme includes a £40m budget for Direct Acquisitions to be funded from borrowing.

## 5.3 **Social Value**

5.3.1 Having consideration to the Public Services (Social Value) Act 2012, there are no specific social values considerations arising from properties acquired as part of the Property Acquisitions Programme. The 2012 Act does not apply.

## 5.4 **Legal and Constitutional References**

5.4.1 The Council Constitution, Article 10, Table A states that a Full DPR authorised by the Director of Resources in consultation with Theme Committee Chairman is the required process for acquisitions of this value. This DPR complies with this requirement

5.4.2 Policy & Resources on 13<sup>th</sup> February 2018 authorised the increase of the capital programme funded by borrowing. This allows a more flexible approach utilising PWLB lending to support the direct purchase of properties alongside the leasing arrangement.

## 5.5 **Risk Management**

5.5.1 There are a number of key risks:

- There is a risk that the assumptions made in modelling are not accurate and that the financial benefits are not realised. Activity will be closely monitored to track financial benefits and early identification of risks. Where necessary, Barnet Homes will consider other lettings routes for properties acquired.

- There is a risk that customers will refuse to accept properties in out-of-borough locations. However market research and analysis will be undertaken before selecting locations and purchasing properties to ensure that customers are likely to accept properties in these areas.
- There is a risk that legislation, and housing duties will change significantly and Barnet Homes will have insufficient numbers of suitable applicants to let properties to, increasing void times and impacting on affordability. Lettings capacity will be closely monitored and where necessary, Barnet Homes will consider other lettings routes for properties acquired

## 5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have due regard** to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not and foster good relations between people who share a relevant protected characteristic and those who do not

5.6.2 A full equalities impact assessment was completed for The Housing Strategy 2015-2025 which identified that the Strategy would have a positive impact on all sections of Barnet's Community.

5.6.3 Analysis of data has shown that women and members of Barnet's black and minority ethnic communities are over represented among those living in temporary accommodation. Over 70% of households in temporary accommodation are from non-white households, compared to around 40% of the Borough's population as a whole. Of those in temporary accommodation the main applicant is female in 65% of households.

5.6.4 It is not expected that these groups will be adversely affected by implementing the policies set out in this report. However the impact will be monitored to ensure that these groups are not adversely affected.

5.6.5 All units of accommodation that are procured will meet minimum standards and in placing households into accommodation out of the borough the Council will consider the needs of protected groups.

## **5.7 Corporate Parenting**

5.7.1 There is a joint protocol between Children's Service and Housing around the criteria for not moving children known to social care services and working closely with the service to support the Council's Children's Improvement Plan. The protocol includes Care Leavers and ensures that all eligible and relevant care leavers are placed in suitable accommodation when leaving care to fulfil our corporate parenting duties and allow a successful transition to independent living; to ensure that young people have a realistic expectation of what their housing options are when they leave care; and to reduce homelessness through developing young people's skills and having the right support in place to maintain their tenancies. The provision of discretionary funds for care leavers has also been improved to reduce the risk of homelessness and poor outcomes to those leaving care. Furthermore, the council supports homeless 16-17 year olds by ensuring they are safe from harm and have somewhere to stay with an appropriate level of support whilst their needs are being assessed. There is also a Youth Mediation Coordinator in place to support this process. If a statutory assessment of needs is not required then consent will be sought to refer to the Multi Agency Safeguarding Hub (MASH) to enable early help options to be explored.

## **5.8 Consultation and Engagement**

5.8.1 As part of the communications plan for the delivery of the acquisitions programme, Barnet Homes engages with Local Authorities, informing them of the Councils intention to purchase properties in their districts.

## **5.8 Insight**

5.8.2 A reduction in the supply of affordable housing, coupled with sustained levels of increased demand provides the rationale for this programme:

- There has been a 42% increase in new homelessness applications between 2011/12 and 2016/17.
- There was an overall 26% decrease in letting within Council stock from 2011/12 to 2016/17 and Barnet has below levels of social housing on average compared to other London boroughs.
- There has been a significant increase (23%) in the number of households in temporary accommodation (numbers have increased from 2,172 in April 2012 to their current level of 2,675 at the end of September 2017).

## **6. BACKGROUND PAPERS**

6.1 The Housing Strategy 2015-2025

6.2 [Open Market Purchases of Affordable Housing](#) - 27 November 2017

6.3 [Business Planning 2018-2020](#) - 13 February 2018

Chairman: Cllr Daniel Thomas

Has been consulted

Signed: 

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Date: 10<sup>th</sup> August 2018

Deputy Chief Executive

Decision maker having taken into account the views of the Chairman

Signed: 

Date: 10<sup>th</sup> August 2018  
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