



## Housing and Growth Committee

16<sup>th</sup> November 2021

<b>Title</b>	<b>Opendoor Homes purchasing programme – Progress Report</b>
<b>Report of</b>	Chairman of Housing and Growth Committee
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	Yes
<b>Enclosures</b>	Appendix 1– ODH 500 Homes Progress Report.
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### Summary

Against a backdrop of increasing housing demand and rising costs associated with providing temporary accommodation, a programme of up to 500 purchases by Opendoor Homes, funded by a loan facility with the Council was approved by Assets Regeneration and Growth Committee in September 2019.

The terms of the loan facility require Opendoor Homes to provide a progress report following each tranche of 100 purchases and for the council to formally approve a continuation of the programme. This report seeks Committee approval for the continuation of the programme for a further 100 purchases.

### Officer's Recommendations

1. That the Committee approve the continuation of the Opendoor Homes purchasing programme for a further 100 units, as per the terms of the loan facility.
2. That the Committee note the update on delivery of placements for care leavers mentioned at paragraph 1.3 of this report.

## **1. Why this report is needed**

- 1.1 To help tackle increasing demand for housing, rising housing costs, and growing numbers of households in temporary accommodation, Assets, Regeneration and Growth Committee approved a loan facility with Opendoor Homes for the purchase of up to 500 homes to meet housing demand.
- 1.2 The terms of the loan facility require that the Housing and Growth Committee formally review each tranche of 100 purchases in the form of a progress report and provide authority for the programme to continue. This report is produced to meet the requirement of the loan facility following completion of the first 100 purchases.
- 1.3 On 25 January 2020 the Committee approved a report recommending the council engage with the Barnet Group on the delivery of placements for care leavers through the Opendoor Homes acquisition programme. A proposal to deliver 30 placements through a mixture of 1-bedroom flats and 3-bedroom flat shares has since been developed by the Barnet Group and Family Services that was approved by Opendoor Homes board on 20 September 2021. The first placements are expected to be made available in Q4 2021/22.

## **2. Reasons for recommendations**

- 2.1 The programme has to date provided demonstrable benefits to the Council in the form of on-lending revenue and temporary accommodation cost avoidance. A continuation of the programme will mean that these benefits continue to accrue and deliver the expected outputs approved at Assets Regeneration and Growth Committee in November 2019.
- 2.2 The continuation of the programme will also help contribute to the Council's savings plan for the Housing General Fund.
- 2.3 The continuation of the programme will also help ensure that the strategic aims of the programme are met, and that the long-term growth of Opendoor Homes is supported.
- 2.4 A decision to continue with the programme will ensure Opendoor Homes will continue to be able to assist the Council in meeting the needs of different customers groups such as rough sleepers and care leavers.

## **3. Alternative options considered and not recommended**

- 3.1 Suspension of the programme will mean that the Council will not fully realise the expected benefits of the programme and witness no growth in on-lending revenue coupled with increasing temporary accommodation costs. For these reasons this option is not recommended.

## **4. Post decision implementation**

- 4.1 Opendoor Homes will continue to acquire properties on the open market under the terms of the approved business case to meet housing demand. A further progress report will be provided after completion of the second tranche of 100 homes (200).

- 4.2 The Council would continue to monitor progress and expenditure of the project through Contract Performance monitoring, which is sponsored by the Deputy Chief Executive.

## **5. Implications of decision**

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

5.1.1 The programme aligns with the Council's Corporate Plan 2021-25 objective to 'Deliver more homes that people can afford, ensuring that communities across the borough get a 'growth benefit' from investment.

5.1.2 It also aligns with the Council's Housing Strategy 2019-2024 that aims to:

- Deliver more homes that people can afford
- Deliver safe and secure homes
- Tackle homelessness and rough sleeping in Barnet.

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

5.2.1 Following completion of the 100<sup>th</sup> purchase, Opendoor Homes had drawn down £37.5m which is approximately 22% of the total capital budget for the programme.

5.2.2 At the end of September, a total of 79 properties had been let, delivering a total of almost 14,764 days of temporary accommodation cost avoidance and saving the council approximately £117k.

5.2.3 The council receives an on-lending fee for all capital borrowed. By the end of October this had provided the council with an additional £254k revenue.

5.2.4 Following the completion of the first 100 purchases, the cumulative benefit of the programme had reached £1,900 per day, equating to £0.7m a year. When the programme succeeds in delivering all 500 homes, this will increase to approximately £3.56m per year.

5.2.5 Further information is provided in the Progress Report in Appendix 1.

### **5.3 Legal and Constitutional References**

5.3.1 The acquisitions of properties utilising private investment falls within the remit of the Housing and Growth Committee – Council Constitution, Article 7.5 – Responsibility for Functions.

5.3.2 In particular, the following matters fall within the remit of the Committee:

“Responsibility for housing matters including housing strategy, homelessness, social housing and housing grants, commissioning of environmental health functions for private sector housing.”

### **5.4 Insight**

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

- There has been a 12% increase in new Part VII homelessness applications between 2015/16 and 2020/21.
- There has been an increase (10.5%) in the number of households in temporary accommodation (numbers have increased from 2,172 in April 2012 to their current level of 2,399 at the end of March 2021). Barnet remains one of the highest users of temporary accommodation in the UK.

## 5.5 Social Value

5.5.1 The Public Services (Social Value) Act 2012 requires the authority to consider how in conducting the procurement of a service, it may act so as to secure the improvement of the economic, social and environmental wellbeing of the area.

5.5.2 Procurement of a service is not under consideration in this decision.

## 5.6 Risk Management

5.6.1 There are a number of key risks associated with the delivery of this programme:

- There is a risk that there will be an insufficient volume of units available for purchase at the projected average purchase price that meet business plan requirements. To mitigate against this risk Opendoor Homes will continue to source properties in affordable locations. Where there are no properties available for purchase that meet the modelled conditions, no additional units will be acquired.
- There is a risk that the assumptions made are not realised and that the programme would fail to deliver the projected revenue savings over the life of the scheme. This risk will be monitored closely to track financial benefits.

## 5.7 Equalities and Diversity

5.7.1 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 from different groups and foster good relations between people from different groups.

5.7.2 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.

- 5.7.3 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.
- 5.7.4 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.
- 5.7.5 All units of accommodation that are procured will meet minimum standards and in placing households into accommodation the Council will consider the needs of protected groups.

## 5.8 Corporate Parenting

- 5.8.1 In line with the Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. It is not anticipated that this report has any implications for the council's corporate parenting duties.

## 5.9 Consultation and Engagement

- 5.9.1 A range of stakeholder consultation and engagement has occurred as part of the public engagement programme developed for the London Borough of Barnet's Housing strategy.

A summary of these activities includes:

- The Housing Strategy consultation ran for three months, from 5th November 2018 to 11th February 2019, alongside the Homelessness and Rough Sleeping Strategy consultation. It primarily consisted of an online survey on Engage Barnet. Supporting documents were also available on Engage Barnet, allowing residents to view the draft strategy on there.
  - In addition, presentations were made to the Barnet Homes Performance and Advisory Group, the Children's Partnership Board, the Youth Board and Health and Well Being Board.
- 5.9.2 A roadshow was also held in November 2018 for residents to meet the chair of the Housing Committee and give their views on the strategy. This event had a particular focus around private renters, inviting attendees to share their experiences of residing in that sector.

## 5.10 Environmental Impact

- 5.10.1 New purchases will have an EPC rating of C or above.

## **6. Background papers**

- 6.1 Appendix 1 – ODH 500 Homes Progress Report
- 6.2 [Housing Acquisitions Programme \(Phase 4\)](#)