

## RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER

This form **MUST** be used to record any decision taken by the Elected Mayor or an individual Executive Member (Portfolio Holder).

The form must be completed and passed to the Chief Officer Legal and Democratic Services no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Chief Officer Legal and Democratic Services has confirmed the decision has not been called in.

**1. Description of decision**

- (a) To approve the acquisition of the properties detailed in **Appendix A** and the prices detailed in confidential **Appendix B**.
- (b) To authorise the Chief Officer for Commercial Services and Business Transformation to negotiate detailed terms for the purchase of these properties.
- (c) To authorise the Chief Officer for Commercial Services and Business Transformation in consultation with Portfolio Holders to acquire substitute alternative properties within the budget envelope should the purchase of any of the proposed properties detailed in **Appendix A** not proceed.
- (d) To authorise the Chief Officer for Commercial Services and Business Transformation in consultation with Portfolio Holders to acquire up to an additional three properties under the Homes for Ukraine Scheme to maximise the grant funding for the Council.
- (e) To note that a further report will be submitted in due course making recommendations for minor changes to the Council's Allocation Scheme to enable the properties to be let in accordance with the conditions of the Local Authority Housing Fund grant.

**2. Date of decision**

21 September 2023

**3. Reasons for decision**

- i. To approve the acquisition of 8 of the 15 properties required to meet the future needs of Ukrainian refugees living in the Borough and to reduce the anticipated need to provide temporary homeless accommodation for Ukrainian refugees.
- ii. To acquire 2 properties to resettle Afghan families in line with the funding allocation together with the approved capital contribution from the Council.
- iii. The properties will become long-term housing assets for the Council in addition to the Government grant and, once the need for accommodation for the Ukrainian and Afghan families has passed, the Council will be free to use the accommodation for other social housing purposes such as temporary accommodation or supported accommodation.

**4. Alternatives considered and rejected**

The alternative of not purchase properties was considered and rejected.

**5. How decision is to be funded**


The decision will be funded partly from the Local Authority Housing Fund grant from the Department for Levelling-Up, Housing and Communities and partly from the Council's approved capital budget for the acquisition of properties.

**6. Conflicts of interest**

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (If yes, give details and date of dispensation)	Did the Chief Executive give a dispensation for that conflict of interest? (If yes, give details and the date of the dispensation).

The Mayor has been consulted on this decision

Not Applicable

Signed: 

Date: 21 September 2023

Name of Decision Taker: Tom Wootton

**This is a public document. A copy of it must be given to the Chief Officer Legal and Democratic Services as soon as it is completed.**

Date decision published: .....21September2023.....

Date decision can be implemented if not called in: .....3October2023.....

(Decision to be made exempt from call in.....NO.....)

**Bedford Borough Council – Report to the Mayor**

**21 September 2023**

**Report by: Chief Officer for Assessment, Application & Business Support and Chief Officer for Commercial Services & Business Transformation**

**Subject: Acquisition of Properties under the Local Authority Housing Fund**

**1. EXECUTIVE SUMMARY**

1.1. This report seeks the Mayor's approval to purchase properties to provide housing for Ukrainian and Afghan families who would otherwise be homeless, with assistance from funding awarded by the Department for Levelling Up, Housing and Communities, Local Authority Housing Fund (LAHF).

**2. RECOMMENDATION(S)**

**The Mayor is requested to consider the contents of this report and, if satisfied, to:**

- (a) Approve the acquisition of the properties detailed in Appendix A and the prices detailed in confidential Appendix B.**
- (b) Authorise the Chief Officer for Commercial Services and Business Transformation to negotiate detailed terms for the purchase of these properties.**
- (c) Authorise the Chief Officer for Commercial Services and Business Transformation in consultation with Portfolio Holders to acquire substitute alternative properties within the budget envelope should the purchase of any of the proposed properties detailed in Appendix A not proceed.**

- (d) **Authorise the Chief Officer for Commercial Services and Business Transformation in consultation with Portfolio Holders to acquire up to an additional three properties under the Homes for Ukraine Scheme to maximise the grant funding for the Council.**
- (e) **Note that a further report will be submitted in due course making recommendations for minor changes to the Council's Allocation Scheme to enable the properties to be let in accordance with the conditions of the Local Authority Housing Fund grant.**

### **3. REASONS FOR RECOMMENDATION(S)**

- 3.1. To approve the acquisition of 8 of the 15 properties required to meet the future needs of Ukrainian refugees living in the Borough and to reduce the anticipated need to provide temporary homeless accommodation for Ukrainian refugees.
- 3.2. To acquire 2 properties to resettle Afghan families in line with the funding allocation together with the approved capital contribution from the Council.
- 3.3. The properties will become long-term housing assets for the Council in addition to the Government grant and, once the need for accommodation for the Ukrainian and Afghan families has passed, the Council will be free to use the accommodation for other social housing purposes such as temporary accommodation or supported accommodation.

### **4. IMPLICATIONS**

#### Legal Issues

- 4.1. The Council has a statutory duty to secure that accommodation is available to persons who are eligible, homeless and in priority need of housing and to assist them to secure settled accommodation. Generally, this means the Council is required to provide temporary accommodation. Ukrainian guests living with hosts in the Borough under the Homes for Ukrainian Scheme will be entitled to this housing assistance if the hosting arrangements end.

- 4.2. The Council has powers under the Housing Acts to provide social housing. Under S193 of the Housing Act 1996, the Council has a duty to prevent and relieve homelessness for all eligible homeless applicants.
- 4.3. Normally where a local authority provides housing it is required to open a Housing Revenue Account. However, subject to ministerial approval, the Council is able to provide up to 199 units of housing under the powers conferred on it by the Housing Act 1989 without being required to open a Housing Revenue Account. Ministerial approval has been received in respect of existing 70 housing properties owned by the Council and there is no reason to believe that approval would not be given in respect of properties acquired through this funding programme.
- 4.4. Once the properties have been acquired a request will be made to the minister to add the properties to the existing ministerial direction. In the unlikely event that ministerial approval is not received the Council would be obliged to open a Housing Revenue Account or to make alternative arrangements such as leasing the properties to a housing provider.

#### Policy Issues

- 4.5. The Council has an ongoing commitment to support the resettlement of small numbers of refugee families in the Borough through the vulnerable refugees' resettlement schemes. This has included resettling 10 Afghan families to date in private rented properties. The Council is also providing a wide range of support to Ukrainian guests currently living in the Borough after fleeing the war in Ukraine.
- 4.6. In order to access the grant funding to provide longer-term homes for Ukrainian guests, the Council is required to agree to provide housing for a further two Afghan families who are currently living in hotel accommodation.

#### Resource Implications

- 4.7. The total cost of acquiring the properties will be circa £3,365,000. Approximately 46% of this amount will be funded from the capital grant and the remaining amount will be met from Council contributions. Because the properties will become long-term housing assets for the Council which, it is expected, could ultimately be used for other purposes such as temporary accommodation or supported accommodation, the Council's contribution can be met from the approved budget for the acquisition of properties for use as temporary or supported housing.

- 4.8. The properties that the Council is proposing to purchase are all either new builds or constructed within the last 10 years. All properties will be transferred with benefit of an NHBC guarantee until 10 years after construction. They are all fit for immediate occupation and will require minimum spend before families can move in.
- 4.9. It is the Government's expectation that the properties will be procured and available for rent by the end of November 2023 and by no later than 31 March 2024. Approval of this proposal will ensure that the 10 properties that the Council is purchasing are available well before the November target date. The proposal is that the remaining 7 properties will be provided through the refurbishment of currently unused residential properties within the Council's ownership and these will be made available for rent by the 31 March 2024 deadline. Acquisition of newer properties is ensuring that the remaining funding available can be used to invest in bringing currently empty residential units within Council ownership back into use.
- 4.10. The anticipated cost for the proposals contained in the report are shown in the table below:

<b>Expenditure</b>	<b>Total</b>
Purchase and fit out of 8 x two or three bedroom properties	£2,530,000
Purchase of and fit out of 2 x four bedroom properties	£835,000
Refurbishment of 7 properties	£700,000
Acquisition Project Costs	£50,000
Refurbishment Project Costs	£61,000
<b>Total Cost</b>	<b>£4,176,000</b>

4.11. The Council is able to claim a grant through the LAHF of:

- A notional £20,000 per property for refurbishment costs
- 40% of the remaining total costs of acquisition and refurbishment for the 15 properties for Ukrainians after deducting the notional refurbishment costs
- 50% of the remaining total costs of acquisition and refurbishment for the 2 properties for Afghans after deducting the notional refurbishment costs
- The total amount claimed cannot exceed the approved grant of £2.180 million

Based on the above figures the grant funding would be c. £1.910 million leaving c. £2.266 million to be funded from the Council's capital programme.

- 4.12. There is no revenue grant funding associated with the capital grants; however, the properties will generate a rental income stream for the Council. The properties are required to be affordable housing and, therefore, rental income will be limited to 80% of the current market rent for comparable properties and tenure.
- 4.13. There are no official figures published for average rents in particular areas, therefore, the Council will need to make an assessment based on the best available information at the time of seeking rental levels. The figures below provide an indication of typical current median private sector rents in the Borough at the time of writing the report.

<b>Property Size</b>	<b>Average Monthly Rent</b>	<b>Average Weekly Rent</b>	<b>Affordable Weekly Rent</b>
1 Bedroom	£1,207	£278	£222
2 Bedroom	£1,126	£259	£207
3 Bedroom	£1,478	£340	£272
4 Bedroom	£2,219	£511	£409

- 4.14. Based on the above, the anticipated income and expenditure is as shown below:

<b>Rental Income</b>	<b>Units</b>	<b>Weekly Rent</b>	<b>Annual Income</b>
1 bed Property	5	(£1,110)	(£57,879)
2 Bed Property	7	(£1,449)	(£75,555)
3 bed Property	3	(£816)	(£42,549)
4 bed Property	2	(£818)	(£42,653)
<b>Total Estimated (Income)</b>		<b>(£4,193)</b>	<b>(£218,636)</b>

## Expenditure

Allowance for voids Rent @ 2.5%			£5,466
Property Management	17	£595	£31,025
Insurance			£4,250
Void Costs (utilities, CTAX, etc.)			£3,400
Allowance for bad debts @ 2.5%			£5,466
Contribution to R&R @ 12.5%			£27,330
<b>Total Estimated Expenditure</b>			<b>£76,937</b>
<b>Net Income before Financing Cost</b>			<b>(£141,699)</b>
Financing Costs (based on PWLB Loan Rate of 5.38% plus MRP)			£178,561
<b>Overall Net Cost</b>			<b>£36,862</b>

- 4.15. It is anticipated that initially there will be a shortfall between income and expenditure in the region of £37,000 per year after financing costs; however, rental income is expected to increase through indexation each year whilst financing costs remain static. Whilst some inflation can also be expected in running costs, over time it is anticipated that operating the properties will become at least cost neutral.
- 4.16. There are currently 114 Ukrainian households living as guests within the Borough and 4 households in homelessness temporary accommodation. Of these guests, 54 households are families with children under the age of 18. If the Council does not invest the funding awarded under the Scheme, it will have a homelessness duty to any Ukrainian guest who becomes at risk of homelessness due to hosting arrangement coming to an end. In many cases, this is likely to include a duty to provide temporary accommodation and assistance with securing settled accommodation.



- 4.17. Currently, temporary accommodation similar to the proposed purchases typically has a net cost of around £30 per night for nightly let accommodation and £68 per night for hotel accommodation. Based on a net cost of £30 per night, the expected annual cost of operating 15 properties would be equivalent to around 1,200 nights of accommodation. This would equate to approximately 80 nights each for 15 families. Ukrainians living in the Borough under the Homes for Ukraine and Ukrainian Families scheme are not currently eligible for social housing as they do not meet the local connection criteria, therefore, if made homeless it is likely that a family would require temporary accommodation for far longer than 80 nights due to the difficulty with securing affordable privately rented properties for homeless families.
- 4.18. The additional 17 properties will be within the limit of 199 properties that may be provided without triggering the requirement to open a housing revenue account, subject to approval being received from the Minister.

#### Risk Implications

- 4.19. There are currently 114 Ukrainian refugee households living in the Borough, 4 of whom are currently living in temporary homeless accommodation. Of the 114 households, 54 are families that require two or more bedrooms. Whilst overall the residents hosting the Ukrainian guests have been exceptionally generous in sharing their home, it is inevitable that more hosting arrangements will end over the next year or so.
- 4.20. Where a family becomes homeless due to the hosting arrangements ending, the Council has a statutory duty to provide temporary accommodation until such time as it can assist the family to find settled accommodation. The net cost of providing temporary accommodation on a nightly let basis is in the region of £30 per night, therefore, there is a risk that the Council will incur significant costs if this accommodation is not made available. For example, providing temporary accommodation for 15 families for six months each would cost in the region of £82,000 and significantly more if it was necessary to use hotel accommodation.
- 4.21. The approach of acquiring newly or recently built properties with the benefit of NHCB guarantees will minimise the maintenance costs to the Council and enable it to budget effectively for planned maintenance through the R&R Programme in future years.
- 4.22. If the proposed purchases are approved, Council officers will undertake the appropriate due diligence in relation to each property. There is a risk that purchases may be delayed or rejected in the event that surveys etc. identify issues in relation to the suitability of any of the properties. This risk is being mitigated by focussing on newer properties.

## Environmental Implications and contribution to achieving a net zero carbon Council by 2030

- 4.23. All of the homes to be acquired have achieved a minimum EPC rating of B, which means they will make a positive contribution towards the Council's goal to achieve net zero carbon by 2030.

## Equalities Impact

- 4.24. In preparing this report, due consideration has been given to the Borough Council's statutory Equality Duty as set out in Section 149(1) of the Equality Act 2010, to have due regard to the need to;

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share the characteristics.

- 4.22 It is a requirement of the grant funding that in the first instance the properties must be let to Ukrainian and Afghan refugees. Therefore, at least initially, these properties will be reserved for people from these specific minority ethnic groups. This will help to reduced the potential additional demand for social housing that could otherwise arise as a result the support being provided to refugees in the Borough. In the longer term the accommodation is expected to be available to people from all communities and background dependent upon there housing need.

## **5. DETAILS**

- 5.1. The Council has been awarded a total of £2.180m by the DLUHC to deliver 15 homes for Ukrainian refugees and a further 2 for Afghan families. The Council has committed to contributing up to £2.844 million from its own capital resources to deliver the 17 properties.
- 5.2. The Council has agreed terms for the acquisition of 10 properties ranging from 2 to 4 bedrooms. Details of these properties can be found in Appendix A. All of these properties are either newly built or constructed within the last 6 years. Accordingly, all come with the benefit of NHBC guarantees and require very little work before they can be occupied. The properties are all located in local communities with good access to schools and other facilities. The properties will also have the benefit of EPC ratings of A or B.

- 5.3. The total cost of acquiring these properties will be £3.365 million including the cost of acquisition, details of the prices agreed for each property can be found in confidential Appendix B.
- 5.4. The remaining 7 properties will be provided through refurbishment of empty residential properties that are currently in the Council's ownership. This approach has allowed the Council to purchase newer properties that will reduce the pressure on Council maintenance budgets in the short to medium term. Also, they will minimise running cost for tenants. The resource implications section above provides information about the proposed the overall funding agreed for this initiative.
- 5.5. As stated in the implications sections above, the properties will become long-term housing assets for the Council and, once the need for accommodation for the Ukrainian and Afghan families has passed, the Council will be free to use the accommodation for other purposes such as temporary accommodation or supported accommodation.
- 5.6. The acquisition of the properties is being partly funded through the Local Authority Housing Fund and there are conditions attached to the grant funding regarding the use of the properties. In particular, there is a requirement that at least in the first instance the properties must be used to provide housing for Ukrainian and Afghan refugees. Consequently, it will not be possible to allocate the properties through the Council's existing scheme for the allocation of social housing. Therefore, a further report will be submitted to the Mayor in due course with recommendations regarding the proposed process for the allocation of these properties.

## **6. ALTERNATIVES CONSIDERED AND REJECTED**

- 6.1. The alternative of not accepting the grant was considered and rejected prior to acceptance as the grant provides capital funding to the Council, which will increase the availability of social housing in the Borough, initially for Ukrainian refugees, and help to alleviate the expected financial pressure from future homelessness applications.
- 6.2. The strategy of acquiring more older and lower value properties was considered; however, this was rejected as there is a high risk that this will leave the Council with ongoing maintenance cost pressures and a property management issues.

## 7. SUMMARY OF CONSULTATIONS AND OUTCOME

7.1. The following Council units or Officers and/or other organisations have been consulted in the preparation of and their comments have been incorporated into this report:

Director of Corporate Services  
Chief Officer for Finance  
Chief Officer for Legal and Democratic Services

*Report Contact Officers:* *Lee Phanco, Chief Officer for Assessment, Applications and Business Support*  
[Lee.phanco@bedford.gov.uk](mailto:Lee.phanco@bedford.gov.uk)

*Margaret Birtles, Manager for Asset and Estate Management*  
[Margaret.birtles@bedford.gov.uk](mailto:Margaret.birtles@bedford.gov.uk)

*File Reference:* *None*

*Previous Relevant Minutes:* *Decision 1682*

*Background Papers:* *None*

*Appendices:* *Appendix A – List of Properties to be Acquired*

*Appendix B – List of Properties to be Acquired with Prices (Confidential and Not for Publication)*

**Properties for Ukrainian Refugees**

<b>Property</b>	<b>Number of Bedrooms</b>
11 Miller Close, Clapham	2
Randalls Lane, Stewartby	2
Plot 183 New Cardington Gate, Shortstown	2
Plot 185 New Cardington Gate, Shortstown	2
Plot 184 New Cardington Gate, Shortstown	2
Plot 385 New Cardington Gate, Shortstown	2
Plot 386 New Cardington Gate, Shortstown	3
Plot 344 New Cardington Gate, Shortstown	3

**Properties for Afghan Refugees**

207 High Street, Clapham	4
Plot 373 The Willow, New Cardington Gate, Shorts Town	4