

<b>Title of Report</b>	<b>Building Council Homes for Londoners (BCHfL) Grant Agreement - Right to Buy-back</b>		
<b>Key Decision No</b>	CHE S125		
<b>For Consideration By</b>	Cabinet		
<b>Meeting Date</b>	12 September 2022		
<b>Cabinet Member</b>	Cllr Guy Nicholson, Deputy Mayor for housing supply, planning, culture and inclusive economy		
<b>Classification</b>	Open with Exempt Appendix		
<b>Ward(s) Affected</b>	All		
<b>Key Decision &amp; Reason</b>	<table border="1"> <tr> <td>Yes</td> <td>Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function</td> </tr> </table>	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function		
<b>Implementation Date if Not Called In</b>	20 September 2022		
<b>Group Director</b>	Rickardo Hyatt, Group Director, Climate, Homes and Economy		

## **1. Cabinet Member's introduction**

- 1.1. The Council has a proud record of building high-quality, well designed new affordable quality Council homes to help those in housing need in Hackney and to provide genuinely affordable housing in the borough for future generations. Despite the successes of Hackney's approach, there is a clear need to do even more to address the affordable housing shortage.
- 1.2. Hackney's response has been to deliver its own ambitious programme of building new Council homes. In the face of a chronic lack of Government funding for the building of new Council homes a range of initiatives are deployed to realise the funding and resources needed to deliver new affordable Council homes. One of these is the use of the Right-to-Buy receipts to help housing associations deliver more genuinely affordable housing in the borough, and now this GLA funding to buy back some of the homes lost under the Government's Right-to-Buy scheme, all help contribute to this delivery.
- 1.3. Buying back properties lost to the Right-to-Buy initiative complements the Council's house building programme to help tackle the borough's critical housing shortage and provide genuinely affordable Council homes for local communities.
- 1.4. It is a travesty that the Council is forced to pay many times more for these homes than it was forced to sell them for. The Mayor continues to make the case to the Government for reform of a policy, which fails to give Councils the funding and flexibility they need to replace lost Council housing, a policy which has also contributed to the huge housing shortage we have today.
- 1.5. The £9.9m GLA funding makes a significant contribution towards buying back 36 former Council homes that were lost through the right to buy initiative and help deliver 85 new Council homes. Homes that will provide safe, secure and genuinely affordable Council homes for local families who need it most, and I'm delighted that we're able to bring them back for this purpose.
- 1.6. I commend this report to Cabinet.

## **2. Group Director's introduction**

- 2.1. This report seeks Cabinet authority to enter into a Building Council Homes for Londoners (BCHfL) grant agreement with the Greater London Authority (GLA) so £9,951,300 can be allocated against 36 homes that have been purchased by the Council under the Right to Buy-back fund, as well as 27 social rent units at Bucklands Road and 22 social rent units at Wimbourne.

### 3. **Recommendations**

- 3.1. **It is recommended that Cabinet agree to the Council entering a BCHfL grant agreement with the GLA in order to secure grant funding of £9,951,300.**

### 4. **Reason(s) for decision**

- 4.1. Demand for affordable housing in Hackney is significant and in the last few years has risen rapidly while supply has decreased. Only 409 lets were made available from Council and housing association stock in 2019/20 in the borough, compared with 1,229 in 2016/17 and 1,638 10 years prior in 2010/11. In the context of decreasing availability of lets, Hackney Council continues to strive to increase supply, including additional social housing properties, but demand exceeds what the Council can deliver. In response, the Council has been examining a range of options to expand its social housing stock, including the acquisition of former Council properties that were lost to the Right-to-Buy policy to bring these back for use by families on Hackney's housing waiting list.
- 4.2. The Council submitted bids totalling £9,951,300 of GLA funding against 36 housing units that have been bought back under the Right to Buy-back fund, as well as 27 social rent units at Bucklands Road and 22 social rent units at Wimbourne. In order to secure the funding allocation, the Council must enter into a BCHfL grant agreement with the GLA.

### 5. **Details of alternative options considered and rejected**

- 5.1. The Right to Buy-back fund helps increase the Council-owned housing stock and mitigates the impact of the Right to Buy policy. The properties bought back by Hackney Council under this fund are for social rent.
- 5.2. It is a requisite of receiving the £9,951,300 grant that the Council enters into a BCHfL grant agreement with the GLA. Therefore, the 'do nothing' option has been discounted as pursuing it would mean the Council forgoing the grant funding.

### 6. **Background**

#### Policy Context

- 6.1. Right to Buy is a government scheme introduced in 1980 (1980 Housing Act) to give Council tenants the chance to purchase their home at below market rates. Although the number of properties purchased via Right to Buy has been decreasing in recent years, over 300,000 Council homes have been sold in London since the introduction of the 1980 Housing Act. Thousands of

Council properties have been lost in Hackney through Right to Buy. An average of 50 Council homes are still sold in Hackney each year.

In 2021, the Mayor of London launched the Right to Buy-back fund to give boroughs the funds to acquire former Council homes that have been lost to the Right to Buy scheme. The fund is part of the Affordable Homes Programme 2016-2023, which includes the Building Council Homes for Londoners programme.

- 6.2. As stated in Hackney Council's Inclusive Economy Strategy 2019-25, "Building an inclusive economy is not just about economic opportunity, it is also about people feeling they belong in the borough and feel safe and included here". By providing additional social homes in the borough, we can ensure that more housing opportunities are provided for those in greatest need and a stable home will help people to access wider economic opportunities in the borough.

#### Equality impact assessment

- 6.3. An Equality Impact Assessment is not required to enter into the BCHfL grant agreement. However, the grant agreement includes a clause about 'Health & Safety and Equality and Diversity'.

#### Sustainability and climate change

- 6.4. There would be no new impacts on the physical and social environment from proceeding with the recommendations of this report.

#### Consultations

- 6.5. No formal consultations are required as part of this report.

#### Risk assessment

- 6.6. The risk assessment undertaken concluded low level risk and no further action is required.

### **7. Comments of the Group Director of Finance and Corporate Resources.**

- 7.1. There are two parts to this funding. £4,071,300 relates to grants for Buybacks completed during 2021/22, where grant for 36 units is being claimed. These Buybacks were an immediate increase to LBH's Housing stock, which is an advantage over the wider Regeneration programmes. Using this grant also means that retained RTB receipts can be used on other internal developments.

- 7.2. The remaining £5,880,000 relates to grants agreed for the Buckland and Wimbourne Street projects whereby £120k per Social Rent unit has been negotiated. This replaces the previous BCHfL grant on these schemes, where only £100k per unit was awarded. This improves the viability by around £1m overall and offsets some of the cost increases seen in the construction market recently. We are also able to claim 85% of the funding at start on site, instead of only 50% under the previous BCHfL bid. This will result in an interest cost saving.

## **8. Comments of the Director of Legal, Democratic and Electoral Services**

- 8.1. The decision in paragraph 3.1 of this Report is a key decision under Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 as it is an executive decision, which is likely (a) to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates; or (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority. Key decisions can be made by Cabinet under Article 13.6 of the Constitution and therefore this Report is being presented to Cabinet for approval. Further, funding arrangements within the budget strategy in respect of Regeneration Schemes are also reserved to the Mayor and Cabinet under the Mayor's Scheme of Delegation (January 2017) and therefore Cabinet is able to agree to the recommendations in this Report.
- 8.2. In order to accept the funding from the GLA, Building Council Homes for Londoners (BCHfl), the Council will need to enter into a grant agreement with the GLA which will set out the terms of the grant. It is important that the Council complies with the terms of such grant in order to secure the grant funding and ensure it is not subject to clawback.
- 8.3. It will also be necessary to ensure that any of the grant sums, which are applied in the provision of services or works from third parties are compliant with any clauses in the grant conditions regarding the appointment of third parties, and compliant with both the law regarding procurement and the Council's own internal requirements as set out in Contract Standing Orders.

## **Appendices**

Appendix 1 - Grant Agreement-Local Authority in relation to the Building

Council Homes for Londoners Programme (project-by- project basis)  
(Exempt)

**Exempt**

The Appendix is exempt due to the nature of the contract which are not usually public documents.

**Background documents**

None

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