

**Subject: Housing Gateway Ltd**

**Cabinet Member: Cllr Gina Needs**  
**Executive Director: Sarah Cary**

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### **Purpose of Report**

- 1.1 This report provides an update on the performance of Housing Gateway Ltd (HGL) and is for information.

### **Relevance to the Council Plan**

- 2.1 Good Homes in Well Connected Neighbourhoods – HGL supports the Council in delivering the aims of its housing strategy. HGL's purpose is "to provide quality housing for Enfield residents to help the Council end the use of temporary accommodation". Furthermore, the core values align to those of the Council's homelessness model which focusses on homeless prevention and strengthening the rights of the tenant. HGL's ethical lettings agency proposal has been designed to provide greater security of tenure for families renting in the private rented sector.
- 2.2 HGL and Enfield Let also support the Council's Licensing scheme and aspiration to improve the standard of accommodation in the private rented sector. HGL and Enfield Let set exemplary landlord standards by ensuring the stock is well maintained and managed.

### **Background**

- 3.1 HGL was created in 2014 as a response to the Council's budget pressure on temporary accommodation. HGL was initially commissioned to purchase 100 properties that could be used as an alternative to temporary accommodation. Since this time HGL has expanded its portfolio to 611 properties and diversified to create an ethical letting agency, provide specialised housing for severely disabled service users and purchased accommodation for rough sleepers.
- 3.2 HGL has a clear mission:
- Secure local properties for local people.
  - Increase the supply of private rented accommodation that can be accessed by Enfield Council.
  - Set exemplary landlord standards, with well managed and maintained accommodation.

- Operate in a commercial, innovative manner exploring options for development and expansion.
- Provide attractive economic value leading to higher returns invested in capital and improved gearing.

### 3.3 HGL's Core Model

- HGL purchases properties at market value and renovates them to a lettable standard.
- HGL lets properties at sub market rents, not exceeding Local Housing Allowance (LHA) rates, to ensure properties are accessible by residents in receipt of benefits.
- LBE has sole nomination rights to HGL's properties. LBE uses these properties to place families who would otherwise require temporary accommodation. This delivers a saving to LBE of c. £2,500 per property, per annum in avoided temporary accommodation costs.
- All of its core activities are delivered by LBE via service level agreements, which enables a joined up, Council led service.

## Main Considerations for the Panel

- 4.1 In 2021/22 HGL has continued to expand its portfolio and deliver innovative solutions to the Council. It has been a challenging year namely due to the pandemic and the economic impact that this has had on residents and the property market.

### HGL Core Portfolio

- 4.2 As outlined in HGL's business plan, HGL had the capital funding to purchase an additional 100 properties in 2021/22. At the end of January 2022 HGL has purchased 46 properties and it is anticipated that a further 24 properties will be purchased by year end.
- 4.3 Whilst HGL has a capital allocation within the Council's capital finance budget, HGL only draws down the funds required when properties are being purchased. Therefore, there is no cost of carry to either LBE or HGL for the unused capital allowance. Via the Council's Capital Finance Board, the capital requirement is reviewed and adjusted on a quarterly basis.
- 4.4 HGL provides the Council with good quality, affordable accommodation as an alternative to temporary accommodation. The current portfolio saves LBE c.£2m pa and has saved c.£11.2m to date.
- 4.5 The property market has remained buoyant and prices have risen at times, despite the pandemic. The changes to stamp duty stimulated the market and meant that there not as many properties were available in HGL's price range. As HGL is committed to renting its properties at a sub market rent, this restricts the amount HGL can purchase a property for and this is significantly lower than most investment landlords that HGL is competing with. HGL makes an offer on every available and suitable property on the market. HGL's excellent reputation and ability to purchase quickly, often secures a property at less than market value. Clearly for

vendors there is always a balance to be struck between price and speed and efficiency.

- 4.6 HGL is actively supporting the Council's Landlord Licensing Scheme and has been proactive in submitting licencing applications. To date HGL has submitted applications for 92% of its properties. HGL fully renovates all properties when purchased and ensures they are well maintained via regular inspections and using the Council's repairs team, Enfield Repairs Direct. HGL aims to set an example to other landlords in the Borough by holding well maintained and managed properties.

#### Rough Sleeper Accommodation

- 4.7 HGL, in collaboration with the Council, was successful in securing a £6.7m capital grant from the GLA to support the Rough Sleeping Accommodation Programme (RSAP). The largest allocation in the UK. In order to maximise the grant allocation HGL has agreed to commit its own capital up to the usual yield level supplementing any shortfall via the GLA capital grant. LBE was not able to deliver the scheme alone as the capital funds to match the grant were not available.
- 4.8 The grant funding facilitates the purchase of 73 bed spaces, by purchasing a mix of studios, 1 bed and 2 bed accommodation. 36 properties have been purchased by January 22, providing a total of 44 bed spaces. The remaining 29 bed spaces will be purchased by Q1 2022/23.

#### Ethical Lettings Agency

- 4.9 HGL launched its ethical lettings agency, Enfield Let, in October 2020. Enfield Let's vision is to promote ethical lettings in the Borough, tackling social injustice and ensuring residents are not discriminated against because of their financial status.
- 4.10 Enfield Let leases properties from private landlords in the Borough, offering long leases of 3 – 5 years. Landlords are offered guaranteed rent, paid monthly in advance and a full management service.
- 4.11 The Council has sole nomination rights to Enfield Let properties and nominates clients at risk of homelessness. Enfield Let rents are set as a percentage of market rent, in line with Local Housing Allowance.
- 4.12 Enfield Let has grown a portfolio of 195 leased properties since its inception, providing quality homes in the private rented sector for families who would otherwise be placed in temporary accommodation. This housing solution provides the Council with a viable private rented offer for families on low incomes and also avoids the costs associated with housing residents in temporary accommodation.

#### Integrated Learning Disabilities Accommodation

- 4.13 Housing Gateway strives to find innovative housing solutions which not only deliver financially but provide better life outcomes for the residents of Enfield. A good example of this can be seen through a collaboration with the Integrated Learning Disabilities Service (ILDS) to source accommodation for residents with disabilities and complex needs. In all of

the cases identified the private sector has been unable to provide the service user with suitable accommodation.

- 4.14 Housing Gateway has been able to purchase 5 properties that can be tailored to meet individual requirements, providing the Council with a creative solution to a challenging issue. Each property conversion takes on average 1 year, so is resource intensive. However, the result has been that service users and their families have suitable accommodation, in the right area. This improves their wellbeing, enabling them to live independently and reducing the pressure on wider Council budgets.

## **Conclusions**

- 5.1 Housing Gateway continues to address the Council's priorities of providing secure, rented accommodation whilst delivering significant savings of c. £11.2m to date. Housing Gateway continues to ensure sound financial management and is delivering on its commitment to support the Council's housing agenda through innovative business and solutions that LBE would be restricted from delivering itself.

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## **Appendices**

N/A

## **Background Papers**

N/A