

Please note Part 2 report is now confidential appendix.

London Borough of Enfield

Operational Report

Report of **Joanne Drew**

Subject: Entering into agreement with North London Muslim Housing Association to provide a mix of 19 dwellings for affordable rent.

Executive Director: **Sarah Cary**

Ward **Ponders End**

Key Decision: **KD5003**

Purpose of Report

1. The Council has set aside unspent Right to Buy receipts for new supply, including ringfenced funding allocation to support delivery of sites owned and managed by Registered Providers.
2. This report recommends the Council awards £1,102,169.01 of grant funding (being no more than 40% of the total scheme costs) to North London Muslim Housing Association and enters into an agreement with them on the terms of its use and on the respective roles and responsibilities of each party.

Proposal(s)

3. It is recommended that the Executive Director – Place in consultation with the Executive Director – Resources:
 - a. Approve the award of £1,102,169.01 Right to Buy grant funding to North London Muslim Housing Association, (NLMHA) to part fund development of nineteen dwellings for London affordable rent.
 - b. Agree to enter into a grant funding agreement with NLMHA and delegate completion of relevant approvals to the Director for Housing and Regeneration.

Reason for Proposal(s)

4. The original bid was approved in principle in 2019 as part of a programme to support small housing associations to deliver new homes in the borough using unspent Right to Buy receipts. By negotiation it was agreed that

NLMHA would acquire new homes at Electric Quarter and convert these to London Affordable Rent for the Council to nominate tenants to.

5. Prior to entering into contract, the Housing Association was required to complete a Deed of Variation which concluded earlier this year. The proposals in this report will support to:
 - Increase the portfolio of affordable rented accommodation in the borough with nominations back to the Council. The homes have already been let to people on the housing needs register, reducing the Council's overall temporary accommodation costs.
 - Assist the Council to discharge its statutory duties on homelessness
 - Ensure the Council retains 100% nomination rights in perpetuity (rather than the standard 75% at second let) to a mix of 19 social rent dwellings
 - Achieve the Council's objectives of committing receipts for replacement homes in line with the Department of Levelling Up Housing and Communities Retention Agreement.

Relevance to the Council's Plan

6. This contract will enable delivery on the priorities of the 2018-2022 Plan, "Creating a lifetime of opportunities in Enfield", by providing good homes in well-connected neighbourhoods.

Background

7. The provision of the RTB (Right to Buy) receipts enables NLMHA (North London Muslim Housing Association) to offer the 19 units at Electric Quarter B1 at London Affordable rent levels, thus increasing supply of new homes to meet existing needs. The homes were originally identified as shared ownership but through negotiation the Council has secured more social housing. This variation for this change of tenure was agreed through a S.106 Agreement which was signed on 29th November 2021. The Council has allocated receipts to support the increased number of social housing and proposes to enter into a grant agreement to enable payment to NLMHA for the delivery of 19 additional social rented homes.
8. A plan showing the location of the B1 units on the estate is shown in Appendix 1.

Entering Grant Agreement

9. Grant awards are provisional, and payment is subject to entering agreement with prospective recipients on the terms of its use and our respective roles and responsibilities.
10. Officers have finalised negotiations with NLMHA and recommend the Council enters into an agreement to enable the delivery of 19 new affordable rent properties. In keeping with the provisions for Round two 100% of the grant will be payable to NLMHA on signing the agreement.

Main Considerations for the Council

11. The Council has agreed in principle to support the delivery of 19 homes for London Affordable Rent, subject to contract. By supporting the acquisition, the Council has 19 homes which it has nominated to and are currently let, thus helping to reduce pressures on temporary accommodation.

Safeguarding Implications

12. None

Public Health Implications

13. The affordable housing will work towards alleviating the increasing number of residents who are homeless, rough sleeping or in insecure, poor quality housing which will have a positive impact on public health.

Equalities Impact of the Proposal

14. An Equality Impact Assessment has been completed and is appended to this report. As at May 2022 there are no known implications as a result of taking this decision. The decision will create positive opportunities for people on the housing needs register by providing stable, good quality, affordable housing within the Borough.

15. The Council will retain 100% of the initial nomination rights and properties will be allocated in accordance with the Council's current procedure. NLMHA has an Equal Opportunities Policy and we are satisfied that the organisation will meet the Public Sector Equality Duty in the on-going management of tenancies.

Environmental and Climate Change Considerations

16. The homes have been built in accordance with London Plan requirements which required them to achieve a 35% improvement in total CO2 emissions arising from the operation of the development and its services over Part L of Building Regs 2013. According to the Energy Strategy the proposed development will achieve a 39% improvement.

17. The energy demand across the development has been minimised through passive design and energy efficiency measures, and particularly the façade design with appropriate glazing, solar control glazing and a good fabric performance. In addition, the development will also utilise roof space for solar PV and green roof provision, as well as connect to a district heat network.

Risks that may arise if the proposed decision and related work is not taken

18. If the Council does not provide right to buy receipts to NLMHA this will financially impact a small housing association who have been forward funding the development on the basis of the agreement in principle in 2019.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

19. NLMHA could fail to honour the terms of the grant agreement. This risk will be mitigated by ensuring the grant agreement includes a claw back arrangement which will enable LBE to recover grant should NLMHA default on their obligations.
20. The Council will monitor NLMHA's adherence to the terms of the grant agreement on an ongoing basis and will seek to recover the grant should the agreement's terms be breached.

Financial Implications

21. This report is proposing to allocate RTB receipts to NLMHA to assist them in developing 19 new properties in the Borough.
22. The bid total is £1,102,169.01 which will be funded from existing usable RTB receipts and will be paid to NLMHA in 2022-23. 100% grant will be payable to NLMHA on signing the agreement.
23. There is currently £18.1m of RTB receipts in the reserves balance sheet, of which £1.1m has been allocated to fund the payment to NLMHA.
24. The Council entered into a Retention Agreement with the Secretary of State in 2012, which allows the Council to retain Right to Buy Receipts provided it spends a sufficient level of those receipts on replacement social housing. Subsequently there has been amendments to this agreement since 2012 with the latest agreement entered in 2021.
25. The granting of these sums to Registered Providers' means that they are required to match fund the grant sums with a 60% contribution from their own resources. This means that the Council does not have to find the 60% match funding from within the HRA business plan.

Legal Implications

MD 24th May 2022

26. The proposal to advance grant funding to NLMHA is made pursuant to Section 11(6) of the Local Government Act 2003 to facilitate the delivery of an affordable housing scheme. In making the grant available the Council must comply with the Retention Agreement it has entered into with the Secretary of State which permits the Council to retain Right to Buy Receipts provided it spends a sufficient level of those receipts on replacement social housing. The Retention Agreement permits the Council to use its receipts to grant fund another body (such as a registered provider) but places limits on the amount the Council can grant fund (no more than 40% of the total development costs) and the types of costs towards which the grant can be applied.

27. The form of grant agreement must be approved in advance of commencement by Legal Services on behalf of the Director of Law and Governance.
28. Given the proposed value of the grant, the Council's Key Decision process must be followed.

Workforce Implications

29. This report seeks approval to enter into a grant agreement for affordable homes.
30. Based on this there are no identifiable workforce implications such as additional or diminished staff or other resource, potential TUPE obligations etc.

Property Implications

31. The grant agreement with NLMHA within the Housing Revenue Account and the property implications have been set out throughout the report. There are no corporate property implications in making this decision.

Other Implications

32. Good Homes in Well Connected Neighbourhoods
33. Providing NLMHA with RTB receipts will maximise the supply of affordable housing in the Borough, providing more opportunities for people in Enfield to access homes they can afford.
34. Sustain Strong and Healthy Communities
35. Supporting the acquisition of housing will enable the Council to increase the portfolio of stock it has to discharge its statutory housing responsibility to households that live in the Borough.
36. Build our Local Economy to Create a Thriving Place
37. Developing good quality housing in areas where people desire to live will help to create and maintain strong sustainable communities and will contribute to the strength the Enfield economy as additional households within an area provide new opportunities for local businesses.

Options Considered

38. The Council could choose to do nothing. If this course of action was adopted the Council would not be able to fulfil its duty to provide affordable housing for rent and utilise this expenditure as agreed.

39. The Council could choose not to offer the right to buy receipts to NLMHA, but this would result in a loss of 19 affordable rent properties to the council's housing waiting list.

Conclusions

40. Approval of this grant to NLMHA will enable the Council to fulfil its duty to provide affordable housing for rent and utilise this expenditure as agreed.

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Appendices

Appendix 1 - Plan of Estate

Appendix 2 – EqIA

Background Papers

The following documents have been relied on in the preparation of this report:
None.

