

Title of Report	Capital Update and Property Disposals and Acquisitions Report
Key Decision No	F S515
For Consideration By	Cabinet
Meeting Date	26 January 2026
Cabinet Member	Councillor Robert Chapman, Cabinet Member for Finance, Insourcing and Customer Service
Classification	Open
Ward(s) Affected	All
Key Decision & Reason	Yes Spend or Savings
Implementation Date if Not Called In	3 February 2026
Group Director	Naeem Ahmed, Group Director, Finance & Corporate Resources
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1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report updates members on the capital programme agreed in the 2025/26 budget. Through the proposals brought forward in this report throughout the year we demonstrate our commitment to meeting our manifesto pledges and to deliver against the Council's Strategic Plan.
- 1.2 This month I am very pleased to recommend the acceptance of £34.6m of grant funding from the Local Authority Housing Fund round 4 grant (LAHF4) programme to support the purchase of 134 properties over the next four years. This grant will support the purchase of 120 units of Temporary Accommodation and 14 units for resettlement scheme. The home purchased under the resettlement scheme will include larger family homes. In order to deliver these new homes in the borough we will need to invest £22.6m of Capital resources, although this will enable better quality temporary accommodation and also result in lower revenue costs through substitution of more expensive alternatives. This will be included in the Capital Programme as part of the Budget Report to be presented to Council for

approval in March.

1.3 This investment is a continuation of our commitment to increase the supply of properties for temporary accommodation under LAHF grant rounds. As we are all aware Hackney is at the centre of the UK's housing crisis, dealing with a scarce and ever shrinking supply of affordable accommodation within the Borough; this has a significant impact on the wellbeing of some of our residents. There is an acute need for good quality temporary accommodation for homeless households and the ever increasing cost of temporary accommodation is putting enormous financial strain on the Council's finances. This investment will also reduce the pressure on the Council revenue budgets.

1.4 I commend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

2.1 This report seeks cabinet's approval on recommendations that will assist the Council in delivering its Local Authority Housing Fund commitments.

2.2 This grant funding will enable the Council to deliver a minimum of 120 good quality temporary accommodation homes, as well as 14 resettlement properties for Afghan families on the Afghan Citizens Resettlement Scheme (ACRS) resettlement scheme, all within the borough.

2.3 As the Council's revenue expenditure on temporary accommodation has increased substantially, it is recommended that the Council take advantage of the generous grant rate to secure long term temporary accommodation in the Council's ownership and lower the cost of providing temporary accommodation to homeless households.

3. RECOMMENDATION(S)

Cabinet is recommended to:

3.1 **Authorise the purchase (either freehold or leasehold) of suitable dwellings within the administrative area of the Council for the purposes of allocation of both Temporary Accommodation and housing for on ACRS resettlement schemes and to delegate authority to the Group Director of Finance & Corporate Resources to agree all commercial terms for these purchases**

3.2 **To delegate authority to the Director of Legal Democratic and Electoral Services to settle all necessary legal documentation to enable these transactions.**

3.3 **To fulfil our commitments for the Local Authority Housing Fund Round 4 (LAHF4), approval is sought for a £22.6 million increase to**

the Capital Programme, to be included in the 2026/27 capital budget setting.

- 3.4 Agree to enter into a Memorandum of Understanding (MOU) with the Ministry of Housing, Communities and Local Government (MH CLG) for the receipt of a grant allocation of £34.6m from the Local Authority Housing Fund Round 4. The total investment with the MOU being £57.2m, £34.6m in grant funding and £22.6m in Council borrowing.**

4. REASONS FOR DECISION

- 4.1 The Council has purchased former right to buy properties over the last few years for either general needs social housing or temporary accommodation exclusively on LBH freehold estates. The programme of repurchases initially started with general needs housing and it was expedient to limit these purchases to these estates to enable the smooth integration of the newly bought properties into the Councils management systems.
- 4.2 The majority of the units that will be purchased under this programme will be for TA and not managed by the housing service. The Council's Temporary Accommodation Team already manages a number of temporary accommodation properties within the borough that are not on existing estates. The success of the TA element of LAHF4 is likely to depend in part on flexibility in approach and obtaining decent quality accommodation where it is available within the borough and not solely on existing LBH estates.
- 4.3 LAHF4 funding is being provided to support local authorities to acquire good quality, and better value for money TA for families owed a homelessness duty by local authorities, all properties acquired must be within the borough. This is aimed at reducing the usage of poor-quality B&B accommodation and to enable local authorities to grow their asset base and help manage local housing pressures on an ongoing basis. Hackney is forecasting a net spend on temporary accommodation rental expenditure alone to exceed £28.8m (including subsidy loss) in 25/26, in comparison to £20.6m for 24/25 and £8m for 23/24. Utilising this grant funding for the purchase of temporary accommodation will assist in alleviating some of the pressures on the service and rising costs.
- 4.4 Although LAHF4 is providing grant funding for the acquisition of properties, the Council will need to provide funding for the full purchase in the short term until the grant is claimed. Therefore this will require £57.2m to be added to the capital programme budget.

- 4.5 Resettlement properties that utilise LAHF grant funding are specifically for housing families who are on Afghan housing schemes. This is proportionally a small number of properties that are being taken forward due to the very generous grant funding received. This funding is being provided to help ensure that those communities which had been most generous in welcoming new arrivals were not 'penalised' with longer social housing waiting lists.

5. BACKGROUND

5.1 Strategic Policy Context

- 5.1.1 In the 2025 Spending Review, it was announced that the Ministry of Housing, Communities and Local Government would be launching a fourth round of the Local Authority Housing Fund. This fund, running from 2026-27 to 2029-30 will be providing £950 million for English councils to boost good-quality temporary accommodation, tackle homelessness, and support Afghan resettlement, aiming to create lasting affordable housing assets.
- 5.1.2 Hackney was identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with an indicative allocation of £34.6m in funding. This funding is to be used to deliver a minimum of 120 homes for Temporary Accommodation, alongside 14 resettlement homes for those on Afghan housing schemes.
- 5.1.3 Hackney is at the epicentre of the UK's housing crisis. There is a scarce and ever shrinking supply of affordable accommodation within the borough and this has a significant impact on the wellbeing of our residents. There is an acute need for good quality temporary accommodation and the cost of temporary accommodation is putting enormous financial strain on the Council's finances. The Council needs to invest in its own stock of temporary accommodation as a long term solution to using short stay/B&B type accommodation where possible.
- 5.1.4 Hackney has a long-standing reputation of being open and welcoming to migrants and refugees, especially those fleeing conflict in hope of a better life. In recent years the Council and its residents have housed and helped hundreds of individuals and families, including those from Afghanistan and Ukraine, who have fled some of the most devastating conflicts of our generation.
- 5.1.5 Hackney is forecasting a net spend on temporary accommodation rental expenditure alone to exceed £28.8m (including subsidy loss) in 25/26, in comparison to £20.6m for 24/25 and £8m for 23/24. Utilising this grant funding for the purchase of temporary accommodation will assist in alleviating some of the pressures on the service.
- 5.1.6 As of December 2025 there are over 7,850 households waiting for a home

on the Council's housing register and over 3,700 households being housed in temporary accommodation, which includes over 4,000 school-aged children. By contrast the supply of social housing being made available to let is reducing considerably; only 669 lets were made available to families from the waiting list between April 2024 and March 2025.

5.1.7 In response to this, Hackney has delivered over 1,950 new homes since 2011 and in 2022 committed to an ambitious target of 1,000 new Council homes for social rent, in which 970 have been delivered to date. It is also supporting the development of a number of outright sale properties, in order to generate the funding and cross-subsidy needed to build the new genuinely affordable homes.

5.1.7 Hackney remains a prudent local authority but more holistic and wide ranging changes to housing finance are urgently required. These include, for example, much greater flexibility in how we can use our Right to Buy receipts over the long term and much higher grant and subsidy levels to help us massively increase the supply of truly affordable, social rent homes.

5.1.8 Hackney is forecasting a net spend on temporary accommodation rental expenditure alone to exceed £28.8m (including subsidy loss) in 25/26, in comparison to £20.6m for 24/25 and £8m for 23/24. Utilising this grant funding for the purchase of temporary accommodation will assist in alleviating some of the pressures on the service.

5.2 Options Appraisal

5.2.1 Due to the significant financial pressures placed upon the Council by temporary accommodation, the Council is seeking additional money to be placed in the General Fund for the acquisition of properties. If we chose not to proceed, we would forgo a significant amount of grant funding which could go some way in alleviating the financial pressures faced by the Council both currently and in the long term.

5.3 Equality impact assessment

5.3.1 The acquisition of these properties will have a positive impact on families who are at risk of homelessness or are in existing temporary accommodation, as well as those on the Afghan Citizens Resettlement Scheme (ACRS) who supported UK efforts in Afghanistan.

5.3.2 While the profile of those in temporary accommodation varies, we know that there are a significant number of children in this demographic. The properties sourced for temporary accommodation will all be 2 bedroom or larger, meaning that there are more chances to house homeless families.

5.3.3 There are a number of reasons a person can become homeless, but we do know that those from LGBTQIA+ background can face unique challenges, such as discrimination and social stigma, which can in turn lead to higher rates of homelessness.

- 5.3.4 Women, particularly single mothers, are often overrepresented in temporary accommodation, which can be due to a number of factors including fleeing domestic violence or facing economic hardship. People from Black and Global Majority backgrounds are also disproportionately represented in temporary accommodation.
- 5.3.5 Those in temporary accommodation often have a higher prevalence of mental and physical health conditions, which can often be exacerbated by the stress of housing instability.
- 5.3.6 The provision of additional temporary accommodation that is owned and managed by the Council will help to alleviate pressures faced by those affected groups.
- 5.3.7 Following the Taliban's return to power in 2021, many families fled Afghanistan. Fourteen resettlement homes, for those on the Afghan Citizens Resettlement Scheme (ACRS) who supported UK efforts in Afghanistan, are being acquired through LAHF4 funding.
- 5.3.8 These families may have also fled due to the threat of gender based violence, or persecution for their sexuality or religious beliefs. Further discrimination may be faced in the UK due to religious beliefs or refugee status. The provision of these homes will hope to provide some refuge and stability for those who have experienced trauma, conflict and/or displacement.

5.4 **Sustainability And Climate Change**

- 5.4.1 None

5.5 **Consultation**

- 5.5.1 The planned acquisition of properties with this grant funding has been agreed and discussed among various internal teams across housing, regeneration, legal and finance; as well as with senior leadership and relevant members. The Council was required to provide a roadmap to delivery ahead of receiving its funding allocation.

5.6 **Risk Assessment**

- 5.6.1 There is a risk that properties being acquired through LAHF4 may fall through at short notice. This will be mitigated by negotiating on a number of properties over and above what the requirements of the funding are.
- 5.6.2 While taking on additional cost to the Council in the short term is a big financial risk, this will be mitigated by both claiming the grant funding back as well as these properties serving to cut the Council's spending on temporary accommodation in the long term.
- 5.6.3 There is a risk of the programme slipping during the 4 years of delivery. However, this will be mitigated by keeping in regular contact with MHCLG

through their touchpoints.

- 5.6.4 There is a risk, when purchasing properties not on Council-owned estates, that there could be issues with ongoing repairs and maintenance. While we have a team being set up within Corporate Property & Asset Management, there is the risk that this is not feasible in the longer term with such a large amount of properties coming through in the short term. We will also explore options to procure management arrangements externally.
- 5.6.5 With such a large amount of properties coming into ownership, there are risks that our internal systems in place may not be able to adequately deal with both the voids process, as well as ongoing maintenance. This will be assessed as the scheme progresses and alternative options, such as procuring external contractors for this work will be explored. We will also use the experience we have gained from previous LAHF rounds to build on the learning from those programmes and explore all options to ensure that there is no difference to the building's preparation and maintenance.

6. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES.

6.1 This report seeks approval to accept the Local Authority Housing Fund Round 4 (LAHF R4) grant allocation of £34.6m. The funding is earmarked for the delivery of 134 properties over a four-year period (2026-2030), comprising:

- 120 units for Temporary Accommodation (TA).
- 14 units for Resettlement schemes (including larger family homes).

6.2 To deliver the full programme of 120 TA units, the Council is required to provide match funding. The total capital requirement is structured as follows:

- General Fund Capital Programme: The budget will increase to £50.5m. This is funded by £27.9m of LAHF grant and £22.6m of Council borrowing (match funding).
- Housing Revenue Account (HRA): The HRA Capital Programme will increase by £6.7m. This element relates to the 14 resettlement units and is fully funded by the LAHF grant, requiring no HRA borrowing.

The additional General Fund borrowing requirement will be incorporated into the capital budget setting for 2026/27.

6.3 Revenue Implications (Debt Servicing) The £22.6m General Fund borrowing will incur annual debt financing costs over the 50-year asset life. Based on current interest rate assumptions (5%):

- Minimum Revenue Provision (MRP): An average annual charge of £453k is required for principal repayment.
- Interest Costs: Estimated average annual interest payments of £571k.
- Total Debt Impact: The combined average annual impact on the General Fund revenue budget is £1.02m.

6.4 The primary financial driver for this investment is cost avoidance. By transitioning 120 households from expensive, nightly-paid accommodation into Council-owned stock, the Council projects a significant reduction in temporary accommodation expenditure. Even after accounting for the £1.02m annual debt servicing and operating costs, the scheme is projected to deliver a net annual cost avoidance of approximately £3.6m compared to the "do nothing" scenario of retaining these families in nightly-paid accommodation. This represents a robust "Invest to Save" proposition that mitigates long-term pressure on the homelessness budget.

6.5 The financial modelling assumes property acquisition costs align with recent LAHF Round 3 averages. Should market prices rise significantly above these assumptions, the number of units delivered may need to be reviewed, or further match funding sought. The delivery of the 14 resettlement units is a condition of the grant; funding them 100% from the grant de-risks the HRA but reduces the subsidy available for the TA units, increasing the General Fund borrowing requirement. This trade-off has been factored into the viability assessment.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by Mizanur Rahman Assistant Director, Corporate Finance
 Email: Mizanur.rahman@hackney.gov.uk
 Date: 12 January 2026

7. PROPERTY IMPLICATIONS ON LAND AND PROPERTY TRANSACTIONS

7.1 The Council's Strategic Property Services teams can sensibly advise on values in pursuit of acquisitions. It should also be noted that in taking ownership of property either by freehold or lease acquisition, the Council will assume responsibilities for compliance with applicable legislation, not the least of which is that pertaining to health & safety. Therefore, as part of the acquisition process, the Council must always budget for annual levels of maintenance suited to property being acquired, as well as monitoring and administering the required work.

Property implications prepared on behalf of the Group Director Finance & Corporate Resources by Chris Pritchard, Director, Strategic Property Services

Email: chris.pritchard@hackney.gov.uk
Date: 13 January 2026

8. VAT IMPLICATIONS ON LAND AND PROPERTY TRANSACTIONS

- 8.1 Since the Council will be purchasing residential dwellings, the VAT liability will either be non-business and outside the scope or Exempt for VAT purposes.

VAT implications prepared on behalf of the Group Director Finance & Corporate Resources by Deirdre Worrell, Director, Financial Management
Email: Deirdre.Worrell@hackney.gov.uk
Date: 12 January 2026

9. HR/OD IMPLICATIONS

- 9.1 There are no HR/OD implications arising directly from the recommendations of this report.

HR/OD implications prepared on behalf of the Director of HR/OD by Cassy Goring, Assistant Director HR & Traded Service.
Email Cassy.goring@hackney.gov.uk
Date: 14 January 2026

10. LEGAL IMPLICATIONS

- 10.1 The acquisition of both freehold and leasehold land is pursuant to the Hackney Mayoral Scheme of Delegation of and is reserved to the Mayor and Cabinet. As noted in this report there is a substantial lack of suitable temporary accommodation in the Borough and the need is urgent.
- 10.2 Under Part 7 of the Housing Act 1996 and the Homelessness Reduction Act 2017 ,the primary pieces of homelessness legislation, all local authorities are duty bound to take action to either prevent homelessness or assist people who are either threatened with or actually homeless.
- 10.3 In tandem with the statutory duty to supply accommodation the Council is further empowered to acquire land under both the Localism Act 2011
- 10.4 The grant funding is made available under the Local Government Act 2003 which at s31 states that “ a grant under this section may be paid on such conditions as the person paying it may determine”
- 10,5 Funds available for the acquisition of both temporary accommodation units and permanent units facilitates the Council's ability to provide specifically to those mentioned in the body of this report .

- 10.6 Given that the funds will serve to alleviate rather than compound existing housing pressures there is no legal reason to oppose approval of the recommendations set out in this Report.

Legal implications prepared by Georgia Lazari Team Leader (Places)
Email Georgia.Lazari@hackney.gov.uk
Date: 13 January 2025

APPENDICES

None

BACKGROUND DOCUMENTS

None.