


LONDON BOROUGH OF WALTHAM FOREST

Meeting Date	Cabinet 2nd November 2023	
Report Title	Acquisition of Affordable Homes and Waltham Forest's Refugee Housing Programme	
Cabinet Portfolio	Councillor Ahsan Khan, Deputy Leader (Housing & Regeneration)	
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Wards affected	All Wards	
Public Access	OPEN except for Appendix A and Appendix B which are EXEMPT in accordance with Section 100(A-H) of the Local Government Act 1972 and Schedule 12A as amended, on the grounds that it involves the likely disclosure of exempt information as defined in Part 1, paragraph 3, as it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and disclosure would not be in the public interest.	
Appendices	Appendix A – Financial Considerations (Exempt) Appendix B – Heads of Terms (Exempt) Appendix C – Equalities Matrix	

1. SUMMARY

- 1.1 Nationally, the number of people requiring asylum support has reached record levels. In December 2022, the Prime Minister announced an ambition to clear the backlog of legacy asylum claims by the end of 2023. As the volume and pace of the Home Office's decision-making increases, the number of individuals entitled to support from central government will decrease, passing housing and support pressures to local councils, including Waltham Forest.

- 1.2 Approximately 697 Asylum Seekers are eligible for the new streamlined process in Waltham Forest. At present the Council is supporting 363 Ukrainian households, including 102 children, under the Homes for Ukraine scheme. All these households are potentially at risk of homelessness. Further, a total of 108 households are accommodated in the borough under the Afghan Relocation and Afghan Citizens schemes.
- 1.3 It is estimated that the Council will have a legal duty to accommodate around 50 Ukrainian households. In addition, the Council has committed to support a further 50 Afghan households as part of the London 'fair share' offer. This means that there is an estimated need to secure around 100 new homes for refugee households in Waltham Forest.
- 1.4 The Council has been successful in securing grant funding totalling £17.8m from the Department for Levelling Up, Housing and Communities (DLUHC) and the Greater London Authority to secure homes for refugee households. This report outlines proposals for a Refugee Housing Programme to meet the pressing need to accommodate and support refugee households. Key elements of the proposed programme include the acquisition of homes for refugee households, the establishment of a local lettings policy and a package of early help to support refugee households settle in the borough.
- 1.5 The recommendation set out in 2.1.1 seeking Cabinet's agreement to entering into the funding agreements is subject to the GLA confirming to the satisfaction of the Corporate Director of Housing, in consultation with the Strategic Director of Resources and Corporate Director of Governance and Law, that the terms upon which the grant funding is provided does not result in properties remaining empty for unacceptable periods of time and can be converted to general needs housing where they cannot be matched with the specific groups of refugees for which the funding would be provided.

2. RECOMMENDATIONS

- 2.1 Cabinet is recommended to:
 - 2.1.1 Agree that, subject to the Corporate Director of Housing, in consultation the Strategic Director of Resources and Corporate Director of Governance and Law, agreeing to the terms upon which the grant funding is provided, the Council may enter into grant agreements with the Greater London Authority (£15.4m) and the Department for Levelling Up, Housing & Communities (£2.4m) in respect of funding for affordable homes for the purpose of providing accommodation to refugees.
 - 2.1.2 Approve a budget, as set out in the exempt Appendix A, for the acquisition of:
 - (a) Alba and Salix House, Leyton from Pocket Living, consisting of 197 homes – 117 homes to rent to refugee household, along with an enabling investment of 80 Shared Ownership homes.

- (b) 11 street properties to rent to refugee households – eight as temporary accommodation and three as settled accommodation.
- 2.1.3 Approve £38.6m of borrowing to fund the longer term net borrowing requirement of the schemes.
- 2.1.4 Note the short term revenue requirement on the HRA and the impact on HRA MTFS.
- 2.1.5 Agree that, subject to the decision set out in 2.1.1 being taken, the Council acquire the freehold of Alba House and Salix House for the sum as set out in Appendix A Financial Considerations and Appendix B draft Heads of Terms,
- 2.1.6 Approve, subject to the decision set out in 2.1.1 being taken, the acquisition of 11 street properties, 3 to rent to refugee households and 8 to use for temporary accommodation.
- 2.1.7 Delegate the final terms of the acquisition of Alba House, Salix House and the 11 street properties to the Corporate Director of Housing, in consultation with the Commercial Director, Property and Delivery, and the Strategic Director of Resources and Corporate Director of Governance and Law.
- 2.1.8 Agree that the 80 properties in Salix House shall be disposed of under Shared Ownership leases on the open market.
- 2.1.9 Delegate to the Corporate Director of Housing, in consultation the Strategic Director of Resources and Corporate Director of Governance and Law authority, the decision to determine the most appropriate method through which the Council will provide the accommodation. This will be through the creation of a local lettings policy (if so advised) and amendments to housing policies which govern the letting of properties by the Council. This may include consideration of using fixed-term tenancies. This will be as necessary to ensure that the requirement, as set out in the GLA's funding guidance, that these properties remain affordable in perpetuity to support the Council's wider housing and homelessness responsibilities is met.

3. PROPOSALS

Background

- 3.1 The number of people requiring asylum support in the UK has reached record levels. As of the end of March 2023, there were 112,294 individuals in receipt of asylum support. On 13th December 2022, the Prime Minister announced an ambition to clear the backlog of legacy asylum claims by the end of 2023. As the volume and pace of decision-making ramps up, the number of individuals entitled to asylum support from central government will decrease, passing housing and support pressures to local councils, including Waltham Forest.

- 3.2 Historically, once asylum was granted, households received 28 days' notice to move on from their Home Office accommodation. Under the new expedited process, households are issued seven days' notice alongside their refugee status. Whilst some households will move on independently, others will approach their local Council. These households will have recourse to public funds and be eligible for housing assistance.
- 3.3 Nationally, there are around 5,000 Afghan people living in bridging hotels, with around 3,000 with no onward plan. There was a call on local authorities to take their fair share of these families. As part of the London 'fair share' offer to resettle Afghan households, the Council has committed to support 50 households.

Implications for Waltham Forest

- 3.4 Waltham Forest has been part of the UK Resettlement Scheme since 2017, making annual pledges to take in people seeking sanctuary. In December 2022, Cabinet agreed to work to obtain recognition as an official Borough of Sanctuary. The proposals in this report support the Council's ambition to be a Borough of Sanctuary.
- 3.5 Based on the GLA Streamlined Asylum Process Heatmaps (updated in September 2023) approximately 697 Asylum Seekers are eligible for the streamlined process in Waltham Forest. Waltham Forest has received 510 people from Ukraine since the start of the Homes for Ukraine scheme. At present, the Council is supporting 363 Ukrainian households, including 102 children, under the scheme. All of these households are at risk of homelessness. Households comprise predominantly single adults and single parents with one or two dependents.
- 3.6 At present, a total of 108 households are accommodated in the borough under the Afghan Relocation and Afghan Citizens schemes, of which 11 are families. To date, the Council has resettled 12 Afghan households.
- 3.7 The Housing Options and Support service estimates that the Council will have a legal duty to accommodate around 50 Ukrainian households who have automatic priority need because of dependent children. As outlined, under 'fair share' the Council has committed to support a further 50 Afghan households currently in bridging hotels located in other boroughs (there are no bridging hotels in Waltham Forest).
- 3.8 The above means that it is estimated that the Council needs to secure a total of 100 homes for refugee households. Accommodation shortages mean that initial placements will need to be in hostels or commercial hotels.

Funding Secured to House Refugees and Proposed Acquisitions

- 3.9 In August 2023, the GLA confirmed that the Council had been successful in securing £15.4 million of funding from its Refugee Housing Programme, the highest allocation of any London borough. This funding has been made available to support the acquisition of 117 homes on a new development in Leyton (see 3.10 below) and adds to an earlier

Local Authority Housing Fund (LAHF) allocation of £2.4m, made to the Council directly by DLUHC, to support the acquisition of 11 homes (see 3.11 below).

- 3.10 The Council has agreed draft Head of Terms with Pocket Living to acquire Alba House and Salix House, two blocks totalling 197 homes in Leyton. Construction will complete in Autumn 2023. This would provide accommodation as follows:
- **Alba House.** 117 self-contained one, two and three bed flats to be used as housing for refugee households, with the purchase subsidised via the £15.4m GLA grant.
 - **Salix House.** 80 one and two-bedroom Shared Ownership flats, acquired by the Housing Revenue Account (HRA) for onward sale.
- 3.11 Pocket Living is only prepared to dispose of Alba House as a complete development, along with Salix House. The acquisition of the second block of Shared Ownership homes, Salix House, is therefore a required enabling investment to secure the 117 homes to be used for refugee housing. Property Services are leading the acquisition, which is being supported by an external value and market assessment by Carter Jonas, an expert firm of property advisors.
- 3.12 The initial £2.4m of LAHF awarded directly to the Council by DHLUC will be used to support the acquisition of 11 homes to accommodate refugee households. Eight of these homes will be used as temporary accommodation and three will be used as settled accommodation for refugee households. It is proposed to acquire Right-to-Buy (RtB) buybacks as this simplifies the future management of the properties.

Management of Alba House

- 3.13 The homes acquired under the programme will be let by the Housing Options and Support service and managed by the Housing Management service. Properties will be let in accordance with GLA's funding conditions. The GLA is prescriptive as to the households homes purchased using funding from the Refugee Housing Programme can be allocated to. Namely, this is households who are homeless, are at risk of homelessness or who live in unsuitable temporary accommodation (including bridging accommodation) and who are on one of the following resettlement schemes:
- Afghan Citizen Resettlement Scheme, including eligible British nationals.
 - Afghan Relocations and Assistance Policy
 - Homes for Ukraine
 - Ukraine Extension Scheme
 - Ukraine Family Scheme
- 3.14 The GLA's funding guidance requires households who are most in need to be prioritised and allows boroughs to put in place a local lettings policy to match households to properties. In Waltham Forest, it is proposed, subject to advice confirming this to be the most appropriate method, to

create a separate lettings policy for Alba House, under which homes will be allocated and managed. The Council will ensure that the homes are provided to eligible households, that they remain affordable in perpetuity and that they support the Council's wider housing and homelessness responsibilities.

- 3.15 The GLA requires that rents be set at London Affordable Rent (LAR), London Affordable Rent benchmarks or Social Rent levels. Further, rents must be compliant with the Regulator of Social Housing's Rent Standard. Affordable Rent levels must be genuinely affordable and must not exceed the lower of 80 per cent of the market rate (including service charges) and the relevant Local Housing Allowance level. The letting of homes at London Affordable Rent (LAR) rather than Social Rent levels is required to make the acquisition financially viable.
- 3.16 Under the guidance issued by the GLA, after three years, if a home is no longer required for an eligible refugee household, it can be converted to general needs affordable housing or temporary accommodation. This would increase overall affordable housing supply in Waltham Forest.
- 3.17 The GLA is now working with partners at London Councils to draft matching proposals which, if agreed, will be operated by the London Strategic Migration Partnership.
- 3.18 Assurances are being sought from the GLA that any risk that homes purchased remain empty through an inability to match with the specific groups of refugees is addressed, and that the Council has the flexibility to convert the homes to general affordable housing or temporary accommodation within a reasonable period. Whilst DLUHC have not set a fixed time limit for a property to be void before it can be taken into use for general needs housing, they have suggested to the GLA a period of 56 days as a guide be applied before swapping to general needs should be allowed.
- 3.19 The GLA has now indicated that where properties let to refugees subsequently become vacant during the initial three year period that 'reasonable attempts' to let to one of the eligible refugee groups must be taken before the Council would be able to let the property to a general needs homeless household. The meaning of 'reasonable attempts' is being clarified with the GLA. The recommendation set out in 2.1.1 seeking Cabinet's agreement to entering into the funding agreements is therefore subject to the GLA confirming to the satisfaction of the Corporate Director of Housing in consultation the Strategic Director of Resources and Corporate Director of Governance and Law authority, that the terms upon which the grant funding is provided does not result in properties remaining empty for unacceptable periods of time and can be converted to general needs housing where they cannot be matched with the specific groups of refugees. This is to ensure that the risk of available homes remaining empty for long periods of time is mitigated.

Support Offer

- 3.20 The Councils Early Help Resettlement team has recruited additional Refugee and Resettlement Officers to support families on the Afghan and Ukrainian Resettlement schemes. The support is delivered through an evidenced based model of practice, to ensure social integration and independence is achieved as quickly as possible.
- 3.21 Refugee and Resettlement Officers meet and greet new arrivals and assess any immediate needs and safeguarding issues. They ensure that new arrivals are settled in their accommodation and given subsistence support. In the first few days of arrival, the caseworker will do an orientation of the local amenities, support to register people with a GP, register children with schools and help them to claim benefits.
- 3.22 As individuals and families start to settle after a few weeks of arriving, the case worker works on a Resettlement Journey Plan, which supports language skills through English for Speakers of Other Languages (ESOL) and support into employment. It also includes support such as budgeting and being responsible for a tenancy and liaising with landlords. The team holds sessions on life in the UK and facilitates peer groups, such as sewing groups, cooking sessions and women's conversation clubs.
- 3.23 The Refugee and Resettlement Officers also provide holistic, whole family wrap-around support for those that are being accommodated in the borough by the Home Office, currently this includes 150 children and 260 adults in Contingency Hotels, as well as those that seek Early Help living in Dispersal Accommodation, which is also commissioned by the Home Office.
- 3.24 The team works closely with a range of key agencies, including the voluntary sector, to help people arriving in the borough create local connections and build resilience. Early Help and its partners facilitate a weekly Migrant Hub Drop-In Advice and Support Session at Lea Bridge Library. This is co-delivered by volunteers who have been on a Resettlement Journey and want to support others.
- 3.25 There is social care funding for the resettlement of Ukraine and Afghan families which will be held in reserve to fund a programme of support over 3-4 years.

Governance and Delivery

- 3.26 To provide oversight of this major programme, a Refugee Housing Programme Board is being established, to be chaired by the Deputy Chief Executive. The Board will oversee the management of the programme, receive reports on delivery against an agreed programme plan and act as a forum where risks and interdependencies can be escalated. The Board will also monitor the financial status of the programme. Membership will include senior officers across Housing, Early Help and Prevention, Public Health, Education, Property and Delivery, Finance and Legal.

4. OPTIONS & ALTERNATIVES CONSIDERED

- 4.1 The following options have been considered to provide new housing for refugee households:
- **‘Do nothing’** – accommodate households in temporary accommodation, followed by Private Rented Sector Offers (PRSO) once secured, assuming suitable PRSOs can be secured given current challenges in the rental market.
 - **‘Do minimum’** – return most of the GLA grant and acquire 30 RtB buybacks. Accommodate the remaining households in temporary accommodation, followed by PRSOs once these have been secured.
 - **Preferred option** – acquire Alba House and Salix House which includes the 80 share ownership homes and commence work to identify and acquire the additional 11 homes across the borough.
- 4.2 A financial analysis of the above options is included in Section 7. From a service delivery perspective, given pressures on housing supply, the preferred option is the only option that secures the required settled, high-quality accommodation that will be needed for refugee households.

5. COUNCIL STRATEGIC PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)

- 5.1 The Council has set ambitious plans for housing delivery and has demanding housing targets to reach from the Mayor of London. The acquisition will contribute to meeting these targets by securing additional affordable homes for the Council.
- 5.2 The Refugee Housing Programme Board will continually review any risks around community cohesion and will put in place measures to ensure the safety and wellbeing of refugees residing in Alba House, alongside addressing any concerns in the community.

6. CONSULTATION

- 6.1 Consultation is not a requirement for this decision.

7. IMPLICATIONS

7.1 Finance, Value for Money and Risk

- 7.1.1 The schemes have been appraised based on an offer set out in the exempt Appendix A with additional costs relating to sales and marketing, where applicable also included within the appraisal.
- 7.1.2 Operating costs are covered over each year of the scheme from year 6, the scheme pays back in 35 years and an average annual return of over

1.9% is achieved. The exempt Appendix A sets out an indicative budget requirement and borrowing requirement within the HRA and GF Capital programme to fund the acquisition.

- 7.1.3 For the 11 units funded by DHLUC, the 8 TA units will be accounted for in the General Fund and 3 accounted for in the HRA as dwellings for affordable housing. The acquisition of these properties required £360k funding to be viable (over 40 years), £200k for the TA properties in the GF and £160k for the LAR properties in the HRA. As a result of the 11 placements into these properties, the GF will save (cost mitigation) £200k in TA costs and therefore the 8 TA units in the GF are viable. The 3 LAR properties in the HRA will require an additional £160k Capital funding to be viable over 40 years.
- 7.1.4 The block of 117 and 80 will all be accounted for in the HRA. The block of 117 units attracts GLA funding to be LAR properties and is viable over 40 years. The block of 80 units does not currently have funding and is therefore proposed as Shared Ownership. This is also viable over 40 years, but viability will improve or other tenures could be considered if grant is made available.
- 7.1.5 Risks and mitigations have been considered as part of the overall financial appraisal exercise with various sensitivities being run against the base assumptions. The key financial risks relate to interest rates and occupation rates. Any delay to the occupation and sale of the properties will place additional financial burden on the HRA and the MTFs. The scheme has been appraised on long term interest rates of 4%, the current higher level of interest will impact on viability but the scheme remains viable over 40 years To maintain financial resilience this scheme will need to be able to respond appropriately to any future changing conditions.

7.2 Legal

- 7.2.1 The Council as local housing authority has the power under section 9 Housing Act 1985 to provide housing accommodation by, amongst other things, acquiring houses within the Borough.
- 7.2.2 The Council also has the power to acquire properties for housing under section 1 of the Localism Act 2011 and/or section 111 of the Local Government Act 1972 in accordance with its powers and duties as a housing authority.
- 7.2.3 Any property acquisitions should be in accordance with the Property Procedure Rules to ensure the acquisitions represent value to the Council.
- 7.2.4 Disposal of property from the Housing Revenue Account requires consent. The disposal of land by a shared ownership lease for market

value, as is proposed for Salix House, is permitted by the General Housing Consents 2013 under section 32 Housing Act 1985.

- 7.2.5 The GLA guidance prescribes the cohort of persons who may be housed in the first instance in properties funded by the Grant provided under their Refugee Housing Programme. Homes delivered through this programme must be affordable, and remain affordable in perpetuity, to support wider local authority housing and homelessness responsibilities. If properties are disposed of or used for a purpose that is not in accordance with the programme, the GLA may recover the grant under the Recovery of Capital Grants from Registered Providers and Recycled Capital Grant Fund (Greater London) General Determination 2017. Due to the risk of properties remaining empty should there be insufficient numbers of refugee families being matched Cabinet is asked to make the decision subject to the Corporate Director of Housing, in consultation the Strategic Director of Resources and Corporate Director of Governance and Law, agreeing that the terms upon which the grant funding is provided are acceptable and mitigate this risk.
- 7.2.6 Tenures and rents should provide the greatest level of security possible for the tenant within the operational and management needs of the home. These terms must be in line with the Regulator of Social Housing's Tenancy Standard. The guidance states that Licence agreements will also be acceptable were the Council to determine it to be an appropriate form of tenancy.
- 7.2.7 The Council may consider using, amending or putting in place a local lettings policy that allows homes to be allocated by local authorities to households or individuals of a particular description as provided for under the Housing Act 1996 (section 166A(6)(b)). Cabinet is asked to delegate to the Corporate Director of Housing, in consultation with the Commercial Director, Property and Delivery, the Strategic Director of Resources and Corporate Director of Governance and Law, authority to determine the most appropriate method through which the Council will provide this accommodation. This is in order to ensure that the requirement set out by the GLA funding guidance are met that these properties remain affordable in perpetuity, and that once the properties are no longer being used by the eligible cohort, the accommodation will be converted to general needs affordable housing and/or temporary accommodation to support wider affordable housing and homelessness duties.

7.3 Equalities and Diversity

- 7.3.1 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled

persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

- 7.3.2 Changes to government policy for people seeking asylum via the Afghan and Ukrainian resettlement schemes results in the need for the Council to secure homes for refugee households. The acquisitions proposed will aid the Council in meeting its requirement to provide accommodation for these households and bring forward additional acquisitions for temporary accommodation and Shared Ownership.
- 7.3.3 The acquisition of high-quality homes will support the health and wellbeing of refugee households, those in need of temporary accommodation and those aspiring to own their home. The provision of Early Support for the Refugee Housing Cohort will assist these households to fully integrate within the Waltham Forest community and receive the help that they need.
- 7.3.4 The Refugee Housing Programme is for Ukrainian and Afghan refugees, and the housing being provided is not available to other nationalities, so there is a disproportionate impact based on nationality. Race and nationality are protected characteristics within the Equality Act 2010. However, the disproportionate impact is justified by the legitimate aim of resettling refugees through the GLA funded programme.
- 7.3.5 There will be no impact on other protected groups as a result of these proposals as the homes will be let to eligible cohorts irrespective of age, disability, pregnancy/maternity, race, religious/belief, sex (including gender re-assignment), sexual orientation, marriage and civil partnership.
- 7.3.6 An initial screening exercise of the equality impact of this decision was undertaken and determined there was no impact on the Council's equality duty.

7.4 Sustainability (including climate change, health, crime and disorder)

- 7.4.1 There are not considered to be any additional sustainability implications because of this decision.

7.5 Human Resources

- 7.5.1 In the main, delivery of the various elements of the programme will be managed by existing Council staff across participating services with additional project management support brought in on a fixed term basis to provide central co-ordination and oversight across workstreams. This will be funded through the Home Office integration and support funding being managed by the Migrant and Resettlement Team in Early Help and Prevention.
- 7.5.2 It is proposed that a dedicated Project Manager (PO6 FTC) is recruited to be based in the Change team, reporting to the Head of Change, to

ensure sufficient support and project management guidance given the scale and cross Council nature of the programme.

- 7.5.3 Additional integration and support funding is available for the people we accommodate and will be drawn down by Early Help and Prevention to provide wrap around support. This will include a new housing management role to support tenancy management once families have moved in. This is likely to require an additional one fulltime equivalent member of staff for three years.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

None