



Mayor and Cabinet

Buyback programme

20 Unit extension

Date: 1st February 2023

Key decision: Yes

Class: Part 1

Wards affected: All wards within the Lewisham Borough

Contributors: Fred Nugent

Outline and recommendations

- a) Approve the purchase of up to an additional 20 homes for the Right to Buyback 1 programme, using GLA grant and HRA borrowing. Note that these purchases are subject to the application of GLA grant.
- b) Delegate authority to the Director of Inclusive Regeneration to approve the purchase of individual properties, and associated administrative, refurbishment or alteration/extension works costs for the Buyback Programme.
- c) Delegate authority to the Director of Inclusive Regeneration to nominate a Senior Responsible Officer to approve the purchase of individual properties, and associated administrative, refurbishment or alteration/extension works costs for the Buyback Programme and Buyback Programme 20-unit extension.
- d) Delegate authority to the Director of Inclusive Regeneration to bid for and accept any local, regional or national financial grants to support the delivery of the Buyback Programme.
- e) Approve the extension of the Right to Buyback programme until June 2023.

Timeline of engagement and decision-making

13th March 2019 Mayor and Cabinet approved the acquisition of 120 homes from Hyde Housing Association

15 January 2020 Mayor and Cabinet approved the commencement of the Building for Lewisham Programme, a continuation of the Council's housebuilding programme.

In March 2021, the GLA launched their right to buy back ex-council homes fund, and in August 2021.

In December 2021 Mayor and Cabinet approved a 100 unit Right to Buyback Programme and grant funding was subsequently approved by the GLA.

The GLA awarded the Council revenue funding to promote the Council's Buybacks programme. In October and December 2022, the Council undertook marketing campaigns to advertise the Council's Buybacks campaign, inviting leaseholders to sell their properties back to the Council.

1. Summary

- 1.1. The Council desperately needs to increase its affordable housing supply to meet housing need. A relatively quick and risk free way to contribute towards addressing this need is to purchase stock and in particular, stock which was previously in Council ownership, to benefit from existing and nearby management and maintenance resources and economies of scale.
- 1.2. In November 2021, Mayor and Cabinet approved the purchase of 100 homes between November 2021, and 31st March 2023. To date, officers have offers accepted on 100 homes, of which over 60 have already been completed, which is significantly ahead of schedule for the programme.
- 1.3. The proposal is to purchase up to a further 20 homes, with a focus on buying back larger ex-council homes but will include private and street properties where the size, location and service charge are acceptable (the extension programme). The additional 20 homes would be purchased between February and 31st March 2023, to align with the expiration of the current Right to Buybacks programme (RTBB1) on 31st March 2023.
- 1.4. The Buyback Programme 20-unit extension (extension programme) will continue to seek to optimise the use of the homes by adapting, altering and extending homes which have the potential to provide more room or to address specific identified housing needs.
- 1.5. The commercially sensitive and confidential financial considerations of the proposal have been set out in the Part 2 of this report.
- 1.6. The extension programme will deliver a mixed size of dwellings. One bedroom units will be minimised as their housing need is lower and the cost savings associated with them are smaller. Officers will balance the housing need for larger units, against the programme's overall viability. The extension programme will utilise the knowlegde built up through the current Buyback Programme 1 (RTBB1) as well as utilising the staff and infrastructure.
- 1.7. The programme may utilise the capacity to carry out the bulk purchase of Buy to Let Landlord portfolios, if all financial parameters are met. This will speed delivery and

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achieve potential cost savings.

- 1.8. The 20 homes may include the purchase of some homes that may be adapted for specific needs. Funding for adaptations will be sourced, on a property by property basis and is not guaranteed. Additional funding is being sought in this area.
- 1.9. It is proposed that the Council and Lewisham Homes will continue with the resource built up during RTBB 1, to deliver the extension programme. The funding for this programme will fund all necessary staff until June 2023 to oversee the completion of all elements of the programme, and ensure that the programme lessons learned are captured.

2. Recommendations

- 2.1. Mayor and Cabinet are recommended to:
- 2.2. Approve the purchase of up to an additional 20 homes for the Right to Buyback 1 programme, using GLA grant and HRA borrowing. Note that these purchases are subject to the application of GLA grant.
- 2.3. Delegate authority to the Director of Inclusive Regeneration to approve the purchase of individual properties, and associated administrative, refurbishment or alteration/extension works costs for the Buyback Programme.
- 2.4. Delegate authority to the Director of Inclusive Regeneration to nominate a Senior Responsible Officer to approve the purchase of individual properties, and associated administrative, refurbishment or alteration/extension works costs for the Buyback Programme and Buyback Programme 20-unit extension.
- 2.5. Delegate authority to the Director of Inclusive Regeneration to bid for and accept any local, regional or national financial grants to support the delivery of the Buyback Programme.
- 2.6. Approve the extension of the Right to Buyback programme until June 2023; and
- 2.7. To note and agree that all properties acquired under the Buyback Programme within Lewisham, will be added to and managed by Lewisham Homes under the existing Management Agreement.
- 2.8. The council will seek suitable and appropriate housing management partners if units are purchased outside the borough

3. Policy Context

- 3.1. The Council's Corporate Strategy (2022-2026) outlines the Council's vision to deliver homes for residents within a four year period. Delivering this strategy includes the following priority outcomes that relate to the provision of new affordable homes:
 - Quality Housing We will deliver more social homes for Lewisham residents, working to provide as many people as possible with safe, comfortable accommodation that they can be proud of and happy living in.
- 3.2. Lewisham's Housing Strategy (2020-2026), includes the following themes that relate to the provision of new affordable homes:
 1. delivering the homes that Lewisham needs
 2. preventing homelessness and meeting housing need
 3. improving the quality, standard and safety of housing

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4. supporting our residents to live safe, independent and active lives
 5. strengthening communities and embracing diversity.
- 3.3. Themes 1 – 5 directly relate to the purchase of new homes for the benefit of Council residents on the housing waiting list.
 - 3.4. The Council's Building for Lewisham housing delivery programme is currently in the process of building and acquiring sites with planning permission to build to add to the Council's depleted stock of homes sold through right to buy, and to accommodate the borough's housing needs. This programme will complement that programme and aim to accelerate delivery.
 - 3.5. Purchasing existing properties in order to increase the number of immediately available homes to those waiting on the Council's housing list is in line with Corporate Strategy and Housing Strategy objectives and would contribute to key national objectives, particularly by increasing the supply of affordable housing.

4. Background

- 4.1. The London Borough of Lewisham faces a distinct housing challenge in terms of demand, supply and affordability. To help combat this, the Council's Building for Lewisham (BfL) programme was established to deliver more Council homes.
- 4.2. Much of the background to this paper, and justification can be found in the Mayor and Cabinet report, approved in November 2021, and which is appended to this report.
- 4.3. In July 2022, the GLA awarded the Council revenue funding to encourage leaseholders to sell their properties to the Council.
- 4.4. As a result of the grant award, officers carried out two advertising campaigns; one in October which contacted leaseholders in the north of the borough, and a further campaign in December 2022, which targeted leaseholders in the south of the borough and yielded a significant level of enquiries. which are still being worked through by officers, but early indications are that there sufficient leads which will result in the additional 20 completions required before the 31st March 2023.
- 4.5. Since the launch of the Right to Buyback 1 programme in November 2021, officers have built up resources and relationships with Lewisham Homes, estate agents and the leasehold community which has resulted in the target to complete on 100 homes before March 2023, being on target to be achieved by early February 2023.
- 4.6. Officers currently have 100 offers accepted, with 6 properties awaiting their offers to be accepted, subject to the approval of this report, and a further 14 properties awaiting inspections, and still more enquiries to work through.

5. Proposal

- 5.1. The proposal is to continue the momentum of the current Right to Buy Programme by adding a further 20 homes to the original 100 committed.
- 5.2. The existing resources, processes and relationships would be used to acquire the additional properties. The funding for the additional 20 homes would come from the GLA and the remaining funding would be from HRA borrowing. More detail on the financing of the programme extension can be found within the Part 2 report.
- 5.3. The proposal is to extend the Programme until June 2023 to accommodate any additional grant funding that maybe available towards the end of the programme at 31st March 2023.
- 5.4. The current arrangement for the Director of Inclusive Regeneration approve all 100 properties to date has been unduly resource intensive for a director level officer. For

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that reason, it is recommended to nominate a Senior Responsible Officer to approve the purchase of individual properties, and associated administrative, refurbishment or alteration/extension works costs for the Buyback Programme and Buyback Programme 20-unit Extension.

5.5. **Deliverables**

The proposal is to purchase up to 20 homes from January 2023 to March 2023.

5.6. Over 80% of families listed on the Council's housing register are looking for 2 bedrooms or more. Therefore the programme will focus on those properties where feasible.

5.7. The 20 homes purchased will predominantly be larger homes. Some of these homes may be adapted to address an existing, specific housing need as identified by the Housing Needs team. Additional funding will be secured for these adaptations, as required. The waiting occupiers will either be in expensive TA or otherwise less suitable accommodation.

Purchasing ex-council homes

5.8. Private sector homes may be purchased, as well as ex-council homes as part of the programme if they address housing need and are financially affordable to the programme.

5.9. Homes within the 20 home buyback programme would be let at London Affordable Rent Levels.

Timing

5.10. Officers will be focusing on purchasing properties which are able to complete before 31st March 2023.

5.11. The proposal is to achieve an average conveyancing period of 4 weeks.

5.12. It is important that those who would like to sell their homes to the Council are confident that the transaction will not be delayed by a perceived, elongated Council decision.

5.13. The cost of purchasing the properties, especially larger homes, combined with the cost of works to improve the homes will at times exceed the limits in the Mayoral Scheme of Delegation and therefore require approval from Mayor and Cabinet. For that reason, officers are seeking delegation to the Director of Inclusive Regeneration to approve the purchase of individual properties, and associated administrative, refurbishment or alteration/extension works costs for the buyback programme. This delegation will be limited to the purchase of all homes within the programme, up to the budget of the entire programme.

5.14. For homes which are below the Mayoral scheme of delegation, officers are seeking further delegation to a Senior Responsible Officer nominated by the Director of Inclusive Regeneration to approve the purchase of individual properties, and associated administrative, refurbishment or alteration/extension works costs for the buyback programme. This will ensure that approvals can be provided in the absence of the Director of Inclusive Regeneration.

5.15. The delegation will also cover other grants such as the Green Homes grants or any grants which may have required Mayor and Cabinet Approval to seek permission to bid for and accept any grant awarded.

5.16. The success of the buyback programme will largely depend on the Council's ability to be able to act as a timely purchaser. The delegations within this report will support this, as well as enabling the Council to comply with the statutory timeframe which applies when the Council is exercising its right of first refusal.

Dwelling mix

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- 5.17. The programme will purchase a balance of, one, two and three and four bedroom units subject to market availability and sales values. Larger homes of 4+ bedrooms will be purchased only if affordable and/or financially supported by sufficient GLA grant.
- 5.18. All purchases completed will be included in the 2022-26 Affordable Housing delivery programme.

Optimising Assets

- 5.19. For the homes that have the potential, the programme will include funds to alter and/or extended properties to optimise the amount of living space. In particular, to create additional bedrooms or to convert exceptionally larger dwellings into multiple dwellings, to combine smaller dwellings (studios) into larger dwellings, or create wheelchair adapted homes.
- 5.20. All homes will be considered against a checklist of requirements provided by the Council's Occupational Therapists (OTs) and Housing Needs team. This is to consider whether a property, with adaptations, alterations and/or extensions could address complex or otherwise challenging housing need.
- 5.21. Once the sale has completed, the property will be handed over to Lewisham Homes to carry out any necessary works and let to families on the Council's housing list in the usual way.
- 5.22. Any homes purchased and/or adapted to address an identified need, will be upgraded and managed by Lewisham Homes under the direction of the OTs and Housing Needs team.

Climate Emergency

- 5.23. The fact that these proposals seek to use existing housing stock follows the principles of sustainability. Purchasing existing homes to use, alter and extend will in itself result in a sustainable way of delivering housing for the Council.
- 5.24. All homes in the programme will achieve an EPC D or equivalent, prior to first occupation. This is in line with Lewisham's lettable standards for homes currently managed by Lewisham Homes. It would be financially unviable and in some cases practically impossible to achieve net zero by retrofitting. The Council's Sustainability team have agreed with this approach.

Resource

- 5.25. The programme currently comprises 2x Red Book Valuers, 1x Buybacks officer, 2 administration support staff, as well as resource from legal, finance and Lewisham Homes colleagues. Further detail on the costs of resourcing the extension programme can be found in the Part 2 report.

Lewisham Homes

Whilst the programme is to purchase up to 20 homes, the number of homes sold through right to buy over the last few years has reduced the Council's stock and will continue to do so. The programme would result in the replacement of some of that stock.

- 5.26. As the managers of most Council homes, Lewisham Homes are integral to the success of this programme. Lewisham Homes has a budget to maintain existing properties and to bring void homes back into use.

Lewisham Homes have confirmed that their existing framework of contractors can be used to bring homes up to lettable standards, but also any other works.

- 5.27. There are current processes in place which result in Lewisham Homes inspecting the properties immediately after the offer is accepted. This has resulted in a shedule of works being available to Lewisham Homes staff as soon as the purchase of the new

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home shas completed.

- 5.28. There are clear, and established processes in place which provide officers with the confidence that there is minimal risk to the programme not achieving the completion of 20 additional homes for the Right to Buyback Programme.

Funding – General Fund borrowing and GLA grant

- 5.29. The financing of the 100 unit Buyback Programme has been through a combination of GLA Grant and General Fund borrowing.
- 5.30. Officers have submitted Expressions of Interest (EOI) for the GLA’s Right to Buyback Fund for an additional 20 units under the existing RTBB programme, which is in turn, subject to Mayor and Cabinet approval of this report.

March 2023 extension to June 2023

- 5.31. Officers are confident that there will be an opportunity to purchase 20 additional homes. However, after 31st March 2023, the funding for the Programme will stop. Therefore officers are seeking an extension of the programme to cover staff costs whilst lessons learned are captured, reported and all invoicing and everything required to close the programme.

6. Programme

- 6.1. The proposed programme and key milestones are set out below:

Key milestones	Date
Apply for GLA grant	January 2023
Mayor and Cabinet approve Buyback Programme	1st February 2023
Completion of 1st of 20 properties	15 ^h February 2023
Right to Buybacks 1 programme end - 120 properties complete	31 st March 2023
Administering of the programme	April 2023
Programme completion	June 2023

6.2. Review Process

- 6.3. The benchmark for success of this programme would be the purchase of a minimum 20 homes, by 31st March 2023.
- 6.4. Officers have requested the increase in purchases based on the successful performance of the Right to Buybacks 1 programme to date.

7. Financial implications

- 7.1. The financial implications for this programme largely depend on whether the GLA grant will be awarded, at the levels the Council needs in order to deliver homes to address housing need.
- 7.2. Further details on the financial implications are set out in the Part 2 report.

8. Legal implications

- 8.1. The Council has the ability to acquire property for the purposes of its statutory functions. Property can be acquired into the HRA using Housing Act 1985 powers or

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into the General Fund using Local Government Act 1972 powers, depending on the proposed use.

- 8.2. All properties (freehold and leasehold) sold under Right to Buy legislation since 18 January 2005 contain a covenant which requires any owner intending to sell their property within 10 years of purchase to offer the property back to the Council. The Council has 8 weeks to accept or reject the offer. If the Council rejects the offer, the property may be sold on the open market (although the covenant will remain binding on any successor until the 10 year period expires). If the Council serves an acceptance notice, the Council must enter into a binding contract for the purchase of the property within 12 weeks of accepting the offer, or within 4 weeks of receipt of a written notice from the owner saying that they are ready to complete the transaction, whichever is the longer. If the time limit is not complied with then the owner is free to dispose of the property as they see fit. If the purchase price cannot be agreed by the party, then either party can refer it to the District Valuer for determination (with the 12 week period being suspended whilst that determination takes place). The delegations in this report will enable officers to comply with these time frames.
- 8.3. Under the Mayoral Scheme of Delegation, any decision to acquire property with a value of more than £500,000 is reserved to members. For the reasons set out in this report, it is proposed that authority is delegated to the Director of Inclusive Regeneration to nominate a Senior Responsible Officer to approve the purchase of individual properties and associated administrative, refurbishment or alteration/extension works costs for the Buyback Programme. That delegated authority applies even if the value exceeds £500,000 provided the costs can be met from within the available budget. Any decision taken under delegated authority to acquire a property with a value exceeding £1,500,000 will be a Key Decision under the Constitution.
- 8.4. Under the Mayoral Scheme of Delegation, approval of any application for external funding which would either (i) require match funding from the Council in excess of £250,000, or (ii) have revenue implications in excess of that amount per annum, or (iii) exceed £1 million is reserved to members. For the reasons set out in this report, it is proposed that authority is expressly delegated to the Executive Director for Housing, Regeneration & Public Realm to bid for and accept any local, regional or national financial grants to support the delivery of the Buyback Programme. That delegated authority applies even if the values in the Mayoral Scheme of Delegation are exceeded. The Council's Key Decision rules will apply if the amount of any grant funding and match funding required exceeds the key decision threshold amounts.
- 8.5. Any agreements entered into in consequence of the approvals in this report must be approved in advance of commencement by Legal Services on behalf of the Director of Law and Corporate Governance.
- 8.6. In taking the decisions in this report, the Council's public sector equality duty must be taken into account. It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.7. The decisions in this report are Key Decisions. Usually, a key decision may not be taken unless the matter has been included in the Council's key decision plan, which must be available for public inspection at the Council's main offices and on the Council's website for 28 clear days before a key decision is made. In this case it has been impracticable to comply with this requirements and the provisions of Rule 18 of the Constitution have been applied and complied with.

9. Equalities implications

- 9.1. A briefing published by the Joseph Rowntree Foundation entitled 'What's causing

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structural racism in housing?’ (September 2021) sets out the factors of why BAME communities of which some are refugees are disproportionately affected by housing poverty. This disparity culminates from a series of decisions relating to unfair access to work opportunities and pay and accessibility to benefits. These issues make finding and living in genuinely affordable housing particularly difficult for these groups.

- 9.2. The Buyback Programme will help to address these issues through the provision of more, genuinely affordable and secure homes. The homes will be allocated using either the Council’s allocations policies, or policies relating to the Refugee resettlement programme or the Borough of Sanctuary programme.
- 9.3. In light of the above, officers are satisfied that the Buyback Programme will enable the Council to comply with its public sector equality duty.

10. Climate change and environmental implications

- 10.1. The Council has made a commitment to making the borough carbon neutral by 2030. This requires every service area to consider how to embed low-carbon and environmental policies and practices in our approach to service delivery. Therefore it was incumbent on officers to consider how the programme could improve the energy and carbon implications of the programme.
- 10.2. However, purchasing properties at market value significantly limits the amount of money that can be spent on the properties while keeping them financially viable.
- 10.3. Officers are satisfied that the majority of homes (located in Council blocks) to be purchased would already be included in any programmes to retrofit energy saving measures.
- 10.4. The attainment of lettable standards includes measures to improve energy performance to EPC D or equivalent.

11. Crime and disorder implications

- 11.1. There are no crime or disorder implications applicable to this report.

12. Health and wellbeing implications

- 12.1. The proposed programme will have direct, positive health and wellbeing implications through the availability of homes for the Council’s residents.
- 12.2. The Council will be able to provide more good quality, secure affordable homes creating a peace of mind for families who have become homeless or are currently in over-crowded accommodation.

13. Background papers

- 13.1. Mayor and Cabinet report for Right to Buyback 1 November 2021
<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MIId=6492>

14. Glossary

- 14.1. Below are useful links and definitions used throughout this report.
- 14.2. [Link to Oxford English Dictionary here.](#)

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Term	Definition
Right to buy (RtB) receipt	The money raised from the sale of Council homes under right to buy
Right to buy (RTB)	A Council tenant's right to purchase their home at a discounted rate
MHCLG	Ministry of Housing and Local Government (now known as DLUHC)
DLUHC	Department for Levelling Up, Housing and Communities (referred to in this report as MHCLG)
BfL	Building for Lewisham (Lewisham's housing delivery programme)
Buyback Programme	Lewisham's purchase of ex-council housing and private properties from the open market
HRA	Housing Revenue Account

15. Report authors and contact

- 15.1. Fred Nugent. Fred.Nugent@lewisham.gov.uk
- 15.2. Comments for and on behalf of the Executive Director for Corporate Resources
- 15.3. Financial Implications: Sandra Gray
- 15.4. Legal Implications: Melanie Dawson.

16. Appendices

- 16.1. Programme performance as at 18 January 2023;

<u>Properties</u>		<u>Status</u>	
GLA target	100	Occupied	40
		Awaiting works/adaptations	27
Total number of properties found	100	Completed	67
Properties to find	0	Conveyancing	33
1-bedroom properties	24		
2-bedroom properties	34		
3-bedroom properties	35		
4-bedroom properties	5		
5-bedroom properties	2		
	<u>100</u>		

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