

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Strategic Director for Economy, Jon Pickstone, in consultation with the Strategic Director of Finance

**Date:** 14/12/2023

**Key Decision:** Yes

**Subject:** Decision to purchase 11 Tamarisk Square under the Refugee Housing Programme

**Report author:** Joe Coyne, Development Programme Officer

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### SUMMARY

This report relates to a decision to purchase 11 Tamarisk Square (“the Property”), a four-bed property in East Acton. The property is being sold on the open market and the council has agreed a purchase price of £605,000 with the current owner to purchase the freehold to the property.

Under the Greater London Authority’s (GLA) *Refugee Housing Programme* (RHP), 50% of the total acquisition costs will be grant funded. As such, the property will be available to refugee families for a minimum period of three years, after which it will continue to form part of the borough’s affordable housing stock in perpetuity.

The Strategic Director for Economy, in consultation with the Strategic Director of Finance, is asked to approve the decision to acquire 11 Tamarisk Square and expenditure of £682,547 against the RHP capital budget of £16,800,000 approved via a leader’s urgency report agreed on 20<sup>th</sup> July 2023.

The Refugee Housing Programme is a scheme which promotes effective refugee resettlement, recognising the importance of secure housing to overall health and wellbeing. In view of the council’s commitment to being a borough of sanctuary to refugees, the provision of secure housing is a fundamental element of creating a safe, welcoming environment for refugee communities.

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### RECOMMENDATIONS

That the Strategic Director for Economy, in consultation with the Strategic Director of Finance:

1. Agrees that Appendix 2 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

2. Approves the decision to acquire 11 Tamarisk Square and associated expenditure of £682,547 against the existing approved RHP capital budget of £16,800,000.
3. Agrees to enter into the contract for sale and transfer deed for the purchase of the Property.

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**Wards Affected:** Wormholt

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	Properties acquired under the Refugee Housing Programme will be brought back into the council's general needs affordable housing stock and after a period of three years will be available for residents on the housing register. Growing the supply of affordable housing is vital to fostering inclusive growth.
Creating a compassionate council	The funding stream from which the properties are being acquired is targeted at assisting the resettlement of refugee communities. In line with the borough's commitment to becoming a borough of sanctuary, it will make these properties available to refugees for a minimum period of three years.
Being ruthlessly financially efficient	50% of the total project costs are funded via the GLA's Refugee Housing Programme grant. This presents a great opportunity for the council to purchase back a former council-owned property at a reduced net cost to the council. All property acquisitions meet the council's agreed viability hurdles.
Rising to the challenge of the climate and ecological emergency	11 Tamarisk Square meets an EPC rating D. There is a contingency within the on costs to carry out works that enable the property to reach an EPC rating C.

## **Financial Impact**

The exempt Appendix 2 contains the financial appraisal of the proposed purchase option, including total acquisition budget and funding resources required.

The decision to proceed with the acquisition is subject to legal and financial due diligence checks and mitigation measures must be in place prior to exchange of contracts to prevent any financial risks, as detailed in Appendix 2.

Finance implications completed by *Harun Guleid, Principal Accountant*

Verified by *Andre Mark, Head of Strategic Planning and Monitoring, on 12 December 2023*

## Legal Implications

The purchase of the Property is to facilitate the Council's commitments to deliver much needed affordable housing, and to be a borough of sanctuary for refugees fleeing war and persecution.

Section 1(1) of the Localism Act 2011 confers a general power of competence on the Council and provides that a local authority may do anything that individuals generally may do, even though they are in nature, extent or otherwise;

- a) unlike anything the authority may do apart from subsection (1); or
- b) unlike anything that other public bodies may do.

Section 1(4) of the Localism Act 2011 provides, subject to certain restrictions that do not apply in this instance, where subsection (1) confers power on the authority to do something, it confers power to do it in any way whatever, including:

- a) power to do it anywhere in the United Kingdom or elsewhere,
- b) power to do it for a commercial purpose or otherwise for a charge, or without charge, and
- C) power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.

Section 111 of the Local Government Act 1972 provides that a local authority shall have the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

Further, section 9(1)(b) allows a local authority to acquire houses in order to provide housing accommodation.

The Council also has a duty under part 7 of the Housing Act 1996 to prevent homelessness and provide assistance to people threatened with or actually homeless. Accordingly, the purchase of the property will enable the Council to fulfil its duty under part 7 of the Housing Act 1996

Article 12 of the Constitution sets out the decision making principles of the Council and defines Key Decisions and the requirements in respect of Key Decisions. A Key Decision includes a decision that is likely to result in significant expenditure for the Council. The Cabinet Member for Housing and Homelessness has the portfolio for acquisitions and improvements to the Council's housing stock and is tasked with making recommendations to the Cabinet on Key Decisions relating to matters within their portfolio. The Council's Financial Regulation provide that decisions on acquisitions above £300,000 must be made by the Cabinet

Rule 2.13 of Part 3 of the Constitution provides the Leader may take decisions likely incur expenditure of more than £300,000 if the Leader considers in all the circumstances that it is impractical to defer the decision to the next Cabinet meeting.

Rule 3 of Part 3 of the Constitution provides that by virtue of section 15(9) of the Local Government Act 2000, the Leader may exercise any Executive Function which

has been delegated to the Cabinet or to an individual Cabinet Member or to an Officer.

Rule 16 of Part 4 of the Constitution sets out the procedure for Key Decisions to be taken if the matter is classified as urgent.

Implications completed by Afshan Ali-Syed, Senior Property Solicitor, Property and Planning Team 07887651197 on 19 October 2023.

Verified by: Grant Deg, Assistant Director of Legal Services 07798588766 on 3 December 2023

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## **Background Papers Used in Preparing This Report**

Refugee Housing Programme Leader's Urgency Decision. Available at:

<https://democracy.lbhf.gov.uk/documents/s125077/Report%20to%20the%20Leader%20of%20the%20Council%20-%20Refugee%20Housing%20Funding%2011.07.2023.pdf>

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. This report requests that the Strategic Director for Economy approve the decision to purchase 11 Tamarisk Square, a 4-bed property in East Acton. The purchase would be carried out as part of the Refugee Housing Programme (RHP), for which a £16,800,000 capital budget was approved via a leader's urgency decision in July 2023.
2. The council has agreed a purchase price of £605,000, the council's valuer confirmed to be a reasonable and fair purchase price for the property. The total project cost, accounting for on costs such as legal fees and an allowance refurbishment costs, is £682,547. As the GLA will fund up to 50% of total project costs under the RHP, the net cost to the council of this acquisition will be £341,500.
3. The decision to acquire 11 Tamarisk Square supports many of the council's key strategic priorities. Firstly, under the terms of the funding agreement with the GLA the property must be available to eligible refugee communities for a minimum period of three years. This period of resettlement support is vital to the borough's ambition to be a borough of sanctuary to refugees.
4. The property is one of many that the council has considered during this acquisition programme. There are a number of reasons behind the decision to recommend this acquisition.
5. Firstly, the property is a family-sized home which enables the council to deliver against its strategic priority to increase the supply of affordable family housing

across the borough. The council has also been able to negotiate a fair price below the original asking price. Finally, the acquisition of street properties with large gardens has the effect of enabling the council to diversify its affordable housing stock and ensure that it continues to meet the needs of a wide range of residents.

6. The acquisition meets the council's agreed financial hurdles as it is self-financing and generates a positive Net Present Value (NPV). In line with the conditions of the funding agreement, all properties will be let at affordable rents in perpetuity.
7. The council has commissioned a condition survey that has identified some works in order to bring the property to a decent homes standard. The cost of these works is included within the appraisal and will be carried out prior to any future allocation.
8. The management of the homes will fall within the existing arrangements for property and tenancy management.

### **Reasons for Decision**

9. This decision requests authority to purchase this property under the RHP. The leader's urgency decision approved in July 2023 established a capital budget for this programme, and confirmed that individual acquisitions would be subject to distinct decision reports to be approved by the Strategic Director for Economy in consultation with the Strategic Director of Finance.

### **Options**

10. *Option A – Approve the recommendations within this report*

This is the recommended option as it will enable the council to support effective refugee resettlement in line with its wider ambitions to become a borough of sanctuary, and provide new, much-needed affordable housing.

11. *Option B – Refuse the recommendations within this report (not recommended)*

This option is not recommended on the basis that it would lead to a good-quality affordable home likely being sold on the open market rather than put towards refugee resettlement and longer-term affordable housing.

### **Equality Implications**

12. A completed Equalities Impact Assessment (EIA) is appended at Appendix 1.

### **Risk Management Implications**

13. The acquisition of this property brings some risks, as the council is acquiring a freehold interest within the Wormholt Estate. In order to mitigate this risk, the purchase is subject to a full condition survey that identifies no major concerns with the property.
14. The financial viability of this acquisition has been modelled using conservative financial assumptions and has assumed that the property will be let at a Local Housing Allowance rate over the appraisal period. As there is significant demand for properties of this nature among residents of the borough, there is a very low risk that the council will fail to service this debt.
15. There is a risk that based on current property process that the value of the property may fall due to changes to the property market, the condition of the property or regulatory changes. This can only reasonably be mitigated by accepting the risk, coupled with no intention to sell.
16. There is a risk that maintenance costs (due to neglect or other physical changes) will outweigh any reasonable investment. This can be mitigated through regular maintenance reviews and corrective actions.

*Jules Binney, Risk and Assurance Manager, 13/11/2023*

## **Climate and Ecological Emergency Implications**

17. This property is currently EPC D. As part of the viability assumptions, a contingency budget has been included which will enable works to be carried out to bring this property up to EPC C such as thicker loft insulation and cavity wall insulation as identified within the EPC.

*Verified by: Jim Cunningham, Climate Policy & Strategy Lead, 14<sup>th</sup> November 2023*

## **LIST OF APPENDICES**

Appendix 1 – EIA

Appendix 2 – Finance Comments (Exempt)