

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Executive Director of Finance and Corporate Services

Date: 25/02/2026

Subject: Acquisition of a family-sized home using affordable housing subsidy

Report author: Duong Ngo, Acquisition & Investment Manager

SUMMARY

This report requests that the Executive Director of Finance and Corporate Services approve a recommendation to acquire a family-sized home in the borough using affordable housing subsidy held for the purpose of growing the council's affordable housing supply.

The property in question, the address of which is disclosed in exempt appendix one, is freehold owned by the council and has been leased on a shared ownership basis since 1985. The council therefore has a 50% equity share in this property which means that it has the option to acquire the home, which is a 3-bed house with a large garden, for 50% of its open market value.

The report sets out the strategic rationale behind the recommendation to acquire this property as well as an overview of the due diligence that has taken place to provide assurance on the recommendation.

RECOMMENDATIONS

That the Executive Director of Finance and Corporate Services:

1. Agrees that appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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 the property and the associated expenditure outlined in exempt appendix one and authorise the entering into necessary contracts to enable the acquisition.

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	The acquisition of a family-sized affordable home supports inclusive growth by increasing the supply of genuinely affordable housing within the borough. Family housing plays a critical role in sustaining mixed and balanced communities and supporting long-term economic and social stability in H&F.
Creating a compassionate and inclusive council	The property will serve as a secure family home for a household currently on the council's housing waiting list or in temporary accommodation. It is vitally important to the council that it contributes towards resolution of the housing crisis by providing homes for households in the most need.
Doing things with local residents, not to them	The property is located within an established council neighbourhood and will be brought back into direct council ownership for allocation in line with the council's housing policies. This approach supports existing communities and ensures homes are used to meet locally identified housing need.
Being ruthlessly financially efficient	The acquisition has been designed in order to negate the need for additional HRA borrowing by using a combination of developer contributions and external grant.
Taking pride in H&F	Securing a high-quality family home in a desirable part of the borough reinforces the council's commitment to maintaining and enhancing the quality of its housing

	stock. Bringing the property back into council ownership ensures it is well managed, maintained, and contributes positively to the local area.
Rising to the challenge of the climate and ecological emergency	While the acquisition does not create new housing stock, Council ownership increases the likelihood of future energy efficiency improvements in line with the Housing Retrofit Strategy and the commitment to 'Rising to the challenge of the climate and ecology emergency.' Planned relet works will consider minor energy efficiency enhancements in consultation with the Energy Team, supporting longer-term carbon reduction objectives.

Financial Impact

The property in question offers the Council the opportunity to purchase at a nominal discounted rate as it is already partly owned by the Council. It is proposed that this purchase will be partly funded by Section 106 for affordable housing (80%) and Right-to-Buy Receipts (20%).

The funding to complete this purchase is currently available and the planned usage of the property falls within the Council's existing overall strategy for the provision of additional affordable housing.

Nana Boadu (Finance Manager, Strategic Capital) 25/02/2026

Legal Implications

The lease confirms that the Lessee owns a 50% equity share in the Property, with the remaining 50% owned by the Council. The Council is currently in the process of purchasing the Lessee's share by paying for the outstanding 50%. The purchase of the Property will facilitate the Council's commitment to deliver much needed affordable family-sized homes, in recognition of their importance to fostering diverse mixed communities and to addressing the trend that has seen the decline in the number of families locating to the borough.

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.

Paragraphs 11 to 13 in the detailed analysis section of this reports confirms that the Executive Director for Finance and Corporate Services is the appropriate decision maker.

Implications completed by Malarvili Umasuthan, Solicitor, Property and Planning Team on 13 January 2026

Implications verified by Mrinalini Rajaratnam Head of Place Legal Services on 14 January 2026

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Proposals and Analysis of Options

Background

1. This report requests that the Executive Director of Finance and Corporate Services approve the decision to acquire a 3-bed property in Fulham Reach, the address of which is provided at exempt appendix one. The property is within the council's freehold ownership and has been leased on a 50% shared ownership basis since 1985.
2. The property is a large family-sized home. It is a house with a garden within a prominent council neighbourhood in Fulham Reach. The provision of affordable family-sized homes is among the council's key housing priorities in recognition of their importance to fostering diverse mixed communities and to addressing the trend that has seen the number of families locating in the borough reduce.
3. The report sets out the rationale behind the decision to prioritise the purchase of this particular home, as well as the due diligence that has been undertaken in order to provide assurance on the robustness of the recommendation.

The property

4. The property is a three-storey building which is c. 45 years old with a front and rear garden within a row of terraced houses. The property meets relevant space standards and is found to be in good condition with the requirement for some components to be modernised.
5. Given that the property is freehold owned by the council and leased on a 50% shared ownership basis, this acquisition opportunity presents a unique opportunity for the council to purchase a large 3-bed home in a valuable part of the borough for half of its open market value. The exact purchase price is outlined in exempt appendix one, which both discloses the property's address and summarises the decision's financial implications.

Due diligence

6. The offer has been made subject to a valuation report to determine the property's open market value and is deemed on this basis by officers to be fair and reasonable. The council's opinion of the open market value reflects the current relatively stagnant state of the housing market, and the offer constitutes 50% of the council's determined open market value of the property
7. The council has also instructed a condition survey on this property carried out by a local chartered surveyor. The offer reflects too some of the minor refurbishment costs that the council may incur in making this property ready for let. It identifies no major issues with the condition of the property and identifies that some modernisation may be required.
8. Similarly, the council has commissioned the production of gas and electrical compliance reports and allowed for necessary works to ensure full compliance within the budget request.

Financial approach and subsidy

9. In order to protect the financial sustainability of the HRA, officers propose to use external funding and developer contributions rather than HRA borrowing to finance the acquisition.
10. The proposal is to fund the acquisition through a combination of council-held Right to Buy receipts and income held through the release of DMS equity upon resale. The precise combination of funding sources proposed is outlined in exempt appendix one.

Governance

11. The council's financial regulations dictate that the Executive Director of Finance and Corporate Services has unlimited authority when it comes to the expenditure of government grant funding (RtB receipts) and (delayed) developer contributions (DMS equity release).
12. The expenditure of the former should be reported to Cabinet via the relevant capital monitoring update reports. The expenditure of the latter should be determined in consultation with the Chief Planning Officer, the Cabinet Member for the Economy, and the Cabinet Member for Finance and Commercial Services.
13. On this basis, the Executive Director for Finance and Corporate Services is the appropriate decision maker with a requirement to consult with the Chief Planning Officer, the Cabinet Member for the Economy, and the Cabinet Member for Finance and Commercial Services.

Analysis of options

14. The options available to the decision maker are summarised below.

Option A – Do nothing (not recommended)

- 15. Option A constitutes a decision to reject the recommendations within this report and to not pursue the proposed acquisition.
- 16. This option is not recommended on the basis that it fails to utilise developer contributions and external subsidy held explicitly for the purpose of delivering affordable housing and fails to grow the council's housing supply at a time of acute housing need.
- 17. This option also results in the council failing to capitalise on an opportunity to acquire a 3-bed home in a desirable part of the borough for 50% of its determined open market value.

Option B – Alternative financing of the acquisition (not recommended)

- 18. Option B constitutes a decision to proceed with the acquisition but to explore other financing options such as HRA borrowing.
- 19. This option is not recommended on the basis that the internal subsidy exists to deliver the acquisition without HRA borrowing. In order to safeguard the existing direct delivery programme and capital investment programme additional HRA borrowing beyond what is committed is not recommended.

Option C – Approve the recommendations within this report (recommended)

- 20. Option C constitutes a decision to proceed with the acquisition as per the recommendations within this report.
- 21. It is the recommended option for the reasons described above, namely that it enables the council to purchase a family-sized home for 50% of its determined open market value without the need to incur additional HRA borrowing.

Reasons for Decision

- 22. The reason for the decision is to grant authority to acquire the property. The Council is in need of additional family-sized homes, and this acquisition will contribute to increasing the supply of suitable accommodation within the borough.

23. The Executive Director of Finance and Corporate Services is the appropriate decision maker on the grounds described above in paragraphs 11 – 13.

Equality Implications

24. This decision relates to a property transaction, and the transaction itself is not expected to give rise to any negative equality implications based on the completed equality impact assessment.
25. An Equality Impact assessment has been completed and can be found in appendix two.

Natalie Potter, Equity Diversity and Inclusion Officer, 23rd February 2026

Risk Management Implications

26. There is inherent risk associated with the purchase of property, such as the home being overvalued, conveyancing issues, or the identification of technical defects once the property has been acquired that require investment to address or risk the home failing to meet the necessary regulatory standards.
27. There are, however, strong mitigations in place to guard against these risks being realised. A valuation of the property has been commissioned to provide an independent view on its open market value; the council has managed to agree a fair and reasonable offer that actually sits slightly below the determined open market value to reflect some minor condition issues which will need to be addressed. It reflects too the current stagnant position of the housing market.
28. Similarly, the council has commissioned a full condition survey in order to provide a robust understanding of the present condition of the property and identify any relet works required and ensure these are budgeted for within the proposal.
29. Finally, the council is able to rely on the expertise of its experienced legal property team to carry out robust conveyancing. The team has much experience in work of this nature within the last 24 months.

Jules Binney, Risk and Assurance Manager, 12th January 2026

Climate and Ecological Emergency Implications

30. There are no direct climate or ecological emergency implications from this decision, as it does not involve creating new stock. The property already exists, and its emissions are already included in the borough-wide inventory. Acquisition will not increase total borough emissions; it will simply transfer those existing emissions into the Council's own operational footprint.
31. Given the Council's commitment to end the use of gas boilers and retrofit properties to maximise energy efficiency where appropriate, as set out in the Housing Retrofit Strategy, it is more likely that this property's performance will be improved under Council ownership rather than in private ownership.
32. As part of the small budget set aside for relet works, the council can consider small energy efficiency improvements as part of this process and shall consult and collaborate with the Energy Team where practicable.

Meghan Kingsley-Walsh, Heat Decarbonisation Lead, 08.01.2026

LIST OF APPENDICES

Exempt Appendix 1 – Finance Comments
Appendix 2 – Equality Impact Analysis