

29 March 2022



Title	Procurement of Property Acquisition Service and funding bid for Rough Sleeping Accommodation Programme (RSAP)
Purpose of the report	To make a Key Decision
Report Author	Marta Imig, Strategic Lead, Housing
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/a
Corporate Priority	Affordable Housing
Recommendations	<p>Community Wellbeing and Housing Committee is asked to:</p> <ol style="list-style-type: none"> 1. Approve the proposed procurement of a Property Acquisition Service for the duration of 5 years 2. Approve the proposed bid for Rough Sleeping Accommodation Programme (RSAP) for acquisition of six units and the associated revenue support 3. Delegate the appointment of the contractor to the Group Head of Community Wellbeing in consultation with the Chair and Vice Chair of the Community Wellbeing and Housing Committee 4. Authorise the Group Head of Corporate Governance to enter into any legal documentation necessary to implement the new contract.
Reason for Recommendation	To deliver 5-year Capital Programme under Acquisition of Registered Providers Street Properties and to take the opportunity to bid for Rough Sleeping Accommodation Programme (RSAP) to deliver 6 1-bedroom move on accommodation

1. Key issues

- 1.1 Community Wellbeing and Housing Committee approved the Acquisition of Registered Providers Street Properties Policy in September 2021, and 24 February 2022 the Council approved Capital Programme 5-year provision. The Capital Programme includes £35,000,000 over the 5-year programme to acquire street properties, which will then be offered to those on the Council's Housing Register at affordable rent.
- 1.2 In February 2022, The Department for Levelling Up, Housing and Communities (DLUHC) invited Councils, working closely with delivery partners and local stakeholders to submit Proposals and Bids for the Rough Sleeping Accommodation Programme (RSAP) – detailed in Appendix C

- 1.3 The Council at present does not have the resources to administer the acquisition process, and/or to arrange and manage the renovation or adaptation works to the properties purchased under either the Acquisition of Street Properties Policy or RSAP. Thus, it is proposed that the Council advertise a tender to select a provider to find appropriate properties for the Council and negotiate the purchase price; to carry out surveys and other due diligence on those properties; and to manage the process for the property acquisition; and where necessary prepare a specification of works for any renovations/adaptations that may be required to bring the properties to a lettable standard and manage the renovation project through to completion. Details of the proposed tender have been included in Appendix A Tender Specification, which has been discussed and agreed with the Council's Procurement Manager.
- 1.4 It is estimated that the cost of such service may be in a region of 3% of the property value (over the five year programme this could equate to approximately £1m).
- 1.5 The cost of the service was not factored into the Capital Programme for the Acquisition of Street Properties Policy, but it is proposed that it is absorbed as part of the cost of the delivery of the Policy. The cost of the service will form part of the grant funding on the RSAP properties.
- 1.6 Post-acquisition, the properties would be allocated in accordance with the Council's Allocation Policy to those on the Council's Housing Register and managed by Knowle Green Estates (KGE).

2. Options analysis and proposal

Option 1: To reject the proposed tender and the bid for RSAP funding

The Council will need to find an alternative way to deliver the acquisition of properties under the 5-yearly Capital Programme. The Council will not proceed with the RSAP bid

Option 2: To approve bid application for RSAP funding and to approve the procurement of the contract (subject to successful bid) (recommended)

The Council will bid for RSAP funding. If successful, the Council will proceed to advertise the tender to select an external provider to deliver the Acquisition of Street Properties Policy and RSAP. If the bid is not successful, the Council will advertise the tender in respect of the acquisition of the street properties only. It is proposed, following advice from Homes England, that the Council bids for the acquisition of six RSAP units.

Option 3: To not approve the bid for RSAP funding, but to approve the tender in respect of the acquisition of street properties only

The Council will advertise the tender to select an external provider to deliver the Acquisition of Street Properties Policy.

Option 4: To approve an alternative

To make changes to the proposed bid for RSAP funding and the proposed tenders.

3. Financial implications

- 3.1 There is an existing £35m five year Capital Programme provision for the Street Properties. Progressing the Rough Sleeper Accommodation Programme would be dependent on a successful bid to the Programme. If successful RSAP would provide capital funding and revenue funding to fund roughly one FTE resource support for every six people supported. The costs of procuring an acquisition service would be capitalised and charged to the Capital Programme.
- 3.2 Individual Street Property acquisitions would be subject to a viability assessment to ensure that KGE would be able to make the financing payments back to the Council and cover management and tenancy sustainment costs from the rental (Affordable rental) income.
- 3.3 For the Street Properties programme the Council would provide loan finance to Knowle Green Estates (KGE) to enable KGE to purchase the properties from the Council and KGE would then be responsible for managing the properties. With respect to RSAP properties, the Council would pay KGE to manage the properties, although the properties would remain in the ownership of the Council at least until KGE achieved Registered Provider status. KGE would recharge the Council for the management costs incurred on the RSAP properties.

4. Other considerations

The properties acquired under the Capital Programme for the Acquisition of Registered Providers Street Properties Policy will be owned by Knowle Green Estates. The properties acquired under RSAP will be owned by the Council, with the option to transfer the ownership to KGE, after they become the Registered Provider.

5. Equality and Diversity

- 5.1 An Equality and Diversity Impact Assessment has been carried out and is provided in Appendix B.

6. Sustainability/Climate Change Implications

- 6.1 The property acquisition may have an impact on the Council's sustainability / climate change position. Any new property acquisitions will need to be reviewed for their carbon emission totals and potentially upgraded to manage their energy and water efficiency, and potentially options of renewable energy considered depending on location and orientation.
- 6.2 Cost of repair, renovation and upgrades has been considered as part of the budget calculations.

7. Timetable for implementation

- 7.1 Once approved, the tender will be advertised shortly after the RSAP bid outcome.

Background papers: There are none.

Appendices:

Appendix A: Tender Specification

Appendix B Equality and Diversity Assessment - Procurement of Property acquisition

Appendix C Rough Sleeping Accommodation Programme (RSAP)