

SOCIAL FINANCE ADVISES ENFIELD COUNCIL TO SET UP COMPANY TO BUY HOMES FOR LOCAL FAMILIES IN NEED

12 February 2014

Enfield Council approved plans on 12 February to set up a property company to buy and manage homes for local families in need. The company hopes to attract institutional investment to build up a local property portfolio to serve the growing numbers of families who do not have a permanent home.

Increasing pressures on the supply of decent, affordable housing in London has led to more people moving to the outer boroughs such as Enfield. However as demand has grown locally, rents have been raised leading to more and more families presenting as homeless. In December 2013, there were over 2100 homeless families in the borough, ranking Enfield as the 7th highest council nationally for the number of households in temporary accommodation.

Enfield allocated an additional £1.6 million to the temporary accommodation budget in 2013-2014 to meet the increased costs of temporary accommodation. Reasons for the higher costs include the higher numbers of homeless families and increased pressures on market rents, making it difficult to find accommodation that is affordable at local housing allowance benefit levels.

Enfield Council, supported by Social Finance, has developed a financially robust model to increase the supply of long term, well managed, private rented accommodation for homeless households. Last night the Council approved plans to establish a wholly owned local authority company to own and manage a portfolio of houses which will be available to residents primarily with housing need or at risk of homelessness. As the Council has complete control of the company, it can select and allocate properties appropriately and fix rents at levels which remain affordable for local people.

The company will adopt a phased approach to buying properties to manage the financial risks and to test the effectiveness of the model. Properties will be purchased on a case by case basis meeting strict financial viability criteria and using funding either from the Public Works Loan Board (PWLB) or from external finance, such as pensions funds and other institutional investors. There may be opportunities in the future to use funding for new build developments.

Nick Salisbury, Director at Social Finance, commented that "Enfield has demonstrated that through taking an innovative and proactive approach, it is possible to make a meaningful difference to local residents. If successful this approach has the ability to deliver a well-managed, better quality, affordable home to a significant number of households, with significant improvement in security of tenure compared to temporary accommodation, alongside delivering financial savings to the council."

For more details, please contact Alisa Helbitz, Director of Research and Communications on 07500 433 044 or alisa.helbitz@socialfinance.org.uk