

Local Authority Housing Fund - Round 2

Housing Committee Thursday, 14 September 2023

Report of: Chief Finance Officer (Section 151)

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

The Council has been given an indicative funding allocation by the Department for Levelling Up Housing and Communities (DLUHC) to provide accommodation to families with housing needs who have arrived in the UK via one of the Afghan resettlement and relocation schemes. This is an extension of the Local Authority Housing Fund (LAHF) which is already underway. The Council submitted a validation form to DLUHC before the deadline of 5th July 2023 to indicate its preparedness to deliver six properties under the extended scheme, subject to receiving this Committee's approval. Half of the funding under the LAHF Round 2 is for use to house families on Afghan resettlement schemes, currently living in bridging accommodation, with the other half being used to ease wider homelessness pressures.

This report sets out the background to the funding allocation, the timescales involved and how Officers intend on delivering the homes. This report also sets out the level of grant funding available, the conditions of the funding and how the Council can finance its own contribution.

This report supports the Council's priority of: Creating the homes, infrastructure and environment we need

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Recommendation to Committee:

That Members approve that the Section 151 Officer agree to and sign the Memorandum of Understanding no later than 5pm Monday 18th September (see Appendix A) and commit to the purchase of 6 further properties under the LAHF Round 2, subject to the requirements of Financial Regulation 17.

Reason for recommendation:

To increase the Council's general needs housing stock through the acquisition of homes to be let as affordable or social rent. First lets of the new homes to be to households in need of settled accommodation who have arrived in the UK under one of the recent humanitarian schemes for Afghan refugees. In the first instance, allocations of the new temporary accommodation to be to households from the eligible cohort to whom the Council owes a homeless duty in accordance with its statutory obligations.

Introduction and background

- 1 The Department for Levelling Up, Housing and Communities (DLUHC) is providing a second round of funding from a £250 million capital fund – the LAHF Round 2 – for local authorities in England to provide accommodation to families with housing needs who have arrived in the UK via the Afghan resettlement and relocation schemes.
- 2 The fund is to support selected local authorities in England to obtain and refurbish property to provide sustainable housing for those unable to secure their own accommodation who are here under the aforementioned schemes.
- 3 Half of the Round 2 funding is for use to house those on Afghan resettlement schemes currently living in bridging accommodation with the other half being used to ease wider homelessness pressures.
- 4 As well as helping to fulfil the UK's humanitarian duties to assist those fleeing war, this fund will reduce the impact of new arrivals on existing housing pressures and ultimately create a lasting legacy for domestic households by providing a new permanent supply of accommodation for local authorities to help address local demand for housing. It will also support the Council in acquiring good quality and better value for money temporary accommodation for families owed a homelessness duty. This will reduce the use of B&B accommodation and enable the Council to grow its asset base to help manage local housing pressures on an ongoing basis.
- 5 Local authorities may choose the most appropriate delivery mechanism to achieve the funds objectives and to bring on stream the accommodation as quickly as possible. For Tandridge the intention is to acquire properties on the open market as there are processes already

set up from the buy back programmes and this approach is proving successful for the first round of the LAHF.

- 6 Local authorities must consider the needs of the cohort in their area when determining the size of properties to acquire. In Tandridge our focus will be on 3+ bedroom properties for general needs and 2+ bedroom properties for temporary accommodation.
- 7 The grant will not meet all the acquisition costs and so there is an expectation that the Council will provide the remainder of the funding required. The grant rate for Round 2 is 40% of the costs charged to the Council's capital budget at an average of £475k per property plus £20k per property towards other costs such as legal fees and works required to bring any properties to a lettable standard. The Council has been allocated £1,320,000 of funding towards the purchase of 3 homes for the Afghan cohort and 3 homes for temporary accommodation.

Timescales

- 8 DLUHC published round 2 of the LAHF on 7th June 2023 and requested that local authorities submit an expression of interest, by way of a Validation Form, ahead of the deadline of 5th July 2023. The Validation Form does not commit the Council to participating in the scheme as such participation is subject to this Committee's approval.
- 9 If approved the Council will sign and return a Memorandum of Understanding ('the MOU'). Local authorities will be expected to manage the grant funding within their normal budgetary guidelines and Section 151 officers will be expected to agree this with DLUHC via the MOU.
- 10 The Council will be expected to complete a monitoring return every two months on the basis as set out in the MOU. The Council should aim to have purchased the relevant properties in Round 2 by the target date of 29th March 2024.

Strategy and Deliverability

- 11 Due to its experience of the buy-back programme and round 1 of the LAHF, the Council is in a fortunate position to have existing internal and external processes in place to allow for the acquisition of all six units by way of open market purchase.
- 12 In the case of flats, these will be properties where the Council is the existing freeholder.
- 13 Officers will concentrate on buying properties in the northern part of the District, to enable the future occupier the benefit of the services and transport links available in larger and more urban settlements. This is also where the highest demand is for affordable housing and temporary accommodation.

- 14 The recent downturn in the housing market may present the Council the opportunity to purchase new build properties that remain unsold on existing development sites.

Budget

- 15 Based on the allocation the Council's anticipated contribution to the scheme will be £1.8m as indicated in the break down in Table One below.

16

Grant Funding		Tandridge Funding		Total Funding	No. of properties	Allowance for repairs and legal fees (per property)	Notional value (per property)
	£		£	£			
40%	1,200,000	60%	1,800,000	3,000,000			
Plus £20k per property	120,000			120,000			
Total	1,320,000	Total	1,800,000	3,120,000	6	Circa £25k	Circa £475k

Table One

- 17 The Council is not permitted to use RTB 141 receipts with the scheme. It is therefore proposed that the Council's contribution is funded through borrowing.

Other options considered

- 18 Through the high grant rates available under the LAHF initiative the Council has a further opportunity to increase its housing stock in the longer term through participation in Round 2 of the scheme. Round 2 of the LAHF not only allows for the purchase of 3 additional general needs properties but the addition of 3 family sized units of temporary accommodation to ease the pressure on TA locally. Contrastingly, the level of Homes England grant funding that would be available to the Council for this type of street purchase would be around 20-25% if the properties are let at affordable rents or 30-35% grant funding for properties let at social rents. Officers have again considered whether the funding should be passed to another housing provider in the area however the Council is fortunate that it not only has a live development programme under the HRA but that it also has experience of buying housing properties on the open market.

Consultation

- 19 Officers have consulted with the local Global Resettlement Service to confirm that there are available resources locally to provide sufficient support to the families once housed, should approval be given to participate in Round 2.

Key implications

Comments of the Chief Finance Officer

The financial implications of the proposal are set out in sections 16 and 17 of the report. These sections detail the £1.8m Tandridge District Council element of financing which brings in £1.3m of match funding. This is contained within the 2023/24 Capital Programme estimates for the Committee.

Comments of the Head of Legal Services

There are no legal implications arising from this report. Should Members be mindful to agree the recommendation set out in this report, the Council would enter into a MoU with DLUHC in order to secure the grant funding from the LAHF for the purchase of six further new properties. The Council would need to comply with the associated terms of the latest MOU. Each identified property for purchase will be subject to a due diligence process in terms of relevant searches, ownership and title matters prior to acquisition. These will be undertaken and completed by the inhouse Legal team.

Equality

A public authority must, in the exercise of its functions, have due regard to the need to –

a) eliminate discrimination, harassment, victimisation and any other conduct that

is prohibited by or under this Act;

b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The proposal set out in this report caters to a predefined group of refugees who are arriving in the District and hence will not result in unlawful discrimination,

harassment, victimisation and other conduct prohibited by the Equality Act 2010.

Climate change

Unlike the Council's new build programme, housing stock purchased under the LAHF will not be Net Zero Carbon (operational). Where purchased properties are flats within blocks where the Council is the freeholder, properties will be included in initiatives being brought forward to improve the energy performance of the building at the appropriate time. Where the properties are freehold, any suitable measures will be undertaken to increase insulation and reduce heat loss from the building and due consideration will be given to the Council's ability to meet future decarbonisation targets.

Appendices

Appendix 'A' - Template for the Memorandum of Understanding

Background papers

None

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