

Local Authority Housing Fund Round 3

Housing Committee Tuesday, 19 March 2024

Report of: Director of Resources (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) for Round 3 of the Local Authority Housing Fund (LAHF). The purpose of Round 3 of the fund is two-fold; to provide accommodation to families with housing needs who supported UK efforts in Afghanistan and have arrived in the UK via the Afghan Citizens Resettlement Scheme (ACRS) (as per Round 2 of the DLUHC funding); and to provide temporary accommodation to ease the wider homelessness pressures that the Council is facing. Subject to receiving this Committee's approval Officer's will submit a validation form to DLUHC before the deadline of 28th March 2024 to indicate its willingness to participate in the scheme.

This report sets out the background to the funding allocation, the timescales involved and the available options for delivering the homes. This report also sets out the level of grant funding available, the opportunity to deliver additional units with increased funding, 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:

- A. to approve the submission of a validation form to DLUHC by 5pm on Thursday 28th March to confirm that the Council is willing and able to participate in the Local Authority Housing Fund R3 scheme.
- B. Subject to Full Council approval of a capital programme budget of £3.5m, Members approve that the Director of Resources (section 151 Officer) and or the Head of Legal and Monitoring Officer agree to sign the Memorandum of Understanding (MOU) no later than 31st May 2024.
- C. to approve for Officers to indicate that this authority can provide accommodation in excess of the indicative allocation and that should more funding become available the Director of Resources and or the Head of Legal and Monitoring Officer, in consultation with the Chair and Group Leaders, is authorised to amend the MOU accordingly.
- D. That the Committee recommend Full Council approval of a capital programme budget of £3.5m, funded by £1.3m of borrowing and £2.2m grant.

Reason for recommendation:

To increase the Council's general needs and temporary accommodation housing stock through the acquisition of homes to be let at affordable rents. First lets of the new general needs homes to be to households in need of settled accommodation who have arrived in the UK from Afghanistan under the ACRS scheme. The temporary accommodation will be used to accommodate households to whom the Council owes a homeless duty in accordance with its statutory obligations. An increase in the Council's temporary accommodation stock will reduce the reliance on costly B&B accommodation and provide homeless households with more suitable temporary accommodation within the District.

Introduction and background

- 1 DLUHC is providing a third round of funding from a £450 million budget for local authorities in England to assist those who are homeless to secure accommodation, alongside supporting the government's humanitarian obligations to provide safe and suitable housing to those on the Afghan Citizens Resettlement Scheme.
- 2 The fund aims to reduce local housing pressures and use of expensive and/or unsuitable accommodation by providing better quality temporary accommodation to those owed homelessness duties by local authorities.
- 3 The fund also aims to provide sustainable settled housing to those households who have fled Afghanistan via the ACRS scheme so that they can build new lives in the UK, find employment and integrate into communities.
- 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 associated costs and enable the Council to grow its asset base to help manage local housing pressures on an ongoing basis.

- 5 Unlike earlier rounds, LAHF R3 also aims to maximise the potential for local authorities to bring forward new housing in local areas by delivering the scheme over two years (2024-25 and 2025-26). Local authorities are encouraged to work with developers, convert non-residential properties and start new developments with the funding in order to achieve this objective. Local authorities have been given an indicative allocation but are encouraged to commit to delivering a higher number of homes in exchange for additional grant where there is capacity to do so.
- 6 Ultimately, local authorities may choose the most appropriate delivery mechanism to achieve the fund's objectives and to deliver the accommodation as quickly as possible. However, local authorities are encouraged to target 50% of their R3 allocations as new homes. In recognition of the higher costs of this type of delivery grant rates will be uplifted by 10% for each property delivered as a new home.

Grant levels & budget

- 7 The Council has provisionally been identified as eligible for capital grant funding with an indicative allocation of £442,000 in funding.
- 8 The Council is expected to provide a minimum of 1 home for the temporary accommodation element of the scheme and a minimum of 1 home for the resettlement element. Both properties should be family sized with a minimum of 2 bedrooms.
- 9 The base grant rate per property is £200,000 (based on 40% of the median property price in the area) plus an additional £21,000 per property to account for other costs, such as legal fees and refurbishment.
- 10 In R3 local authorities are also being given revenue funding to support the delivery of the scheme. The Council has been provided with an indicative allocation of £3,400 of revenue funding.
- 11 Subject to this Committee's approval the Council will provide the remainder of the capital funding required to deliver R3 of the scheme in Tandridge.
- 12 Unlike the earlier rounds, the local authority is no longer required to match fund the property purchases so it is likely that the Council's contribution will be substantially lower than 60% of the median property price in the area. The average budget per property for LAHF R1 & 2 was £350k (inclusive of purchase price, fees and any works required).
- 13 Subject to this committee's approval, Officers would like to indicate to DLUHC that the Council can provide a minimum of 10 homes over the programme. This would result in a minimum of £2,210,000 of grant funding.

- 14 Based on the above average budget per property in previous rounds Officers estimate that the purchase of 10 properties will require a total budget of £3,500,000 and therefore request approval for a capital budget of £1,290,000, equating to a cost to the Council of an average of £129,000 per property. The actual cost per property will vary according to the size, location and level of works required.

Timescales

- 15 DLUHC published round 3 of the LAHF on 7th March 2024 and have requested that local authorities submit an expression of interest, by way of a Validation Form, ahead of the deadline of 28th March 2024.
- 16 If approved the Council will then sign and return a Memorandum of Understanding ('the MOU') by 31st May 2024. 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.
- 17 The Council will be expected to complete a monitoring return every two months until delivery is completed. Delivery must be completed by March 2026.

Strategy and Deliverability

- 18 Due to its experience of Rounds 1 and 2 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 properties on the open market.
- 19 The Council is also fortunate in that it already has a Council house building programme and Officers who are experienced in affordable housing delivery both within the programme and through partnership working with other affordable housing providers and developers.
- 20 As with previous rounds, any LAHF properties acquired or developed are in addition to the current 200 unit Council House Building Programme.
- 21 The length of the programme for R3, coupled with the above allows the Council the opportunity to consider several routes for the delivery of additional homes for the District, using the favourable grant rates of 40% (or 50% for new homes).
- 22 It is proposed that Members approve that Officers submit a validation form that indicates its preparedness to supply in excess of its indicative allocation and offer to supply 2 re-settlement homes and 8 homes for temporary accommodation over the course of the 2 year programme. Officers will report back to June Committee on whether the proposal is accepted and the level of funding secured.

Other options considered

- 23 As with LAHF rounds 1 and 2 the grant rates available to the Council to procure additional housing stock are very favourable and higher than the grant rates that would be offered by Homes England on a like for like basis. With the significant pressures on the housing waiting list and the costs of emergency accommodation this is an opportunity to further increase housing delivery via a route which represents value for money.

Consultation

- 24 Officers have consulted with the local Global Resettlement Service to confirm that there are available resources locally to provide sufficient support to ACRS families once housed. They have indicated that there are resources to support a further 2 ACRS families in the District should approval be given to participate in Round 3. Officers await final confirmation at time of writing of this report.

Key implications

Comments of the Chief Finance Officer

The financial implications of the report are set out in paragraphs 7 to 14. The opportunity to attract external match funding to support the provision of accommodation in the housing stock is welcome. Capital Programme requirements will be kept under review and reported to Committee depending on the level of funding received. The proposals set out in this report can be accommodated within the HRA as they will ultimately reduce temporary accommodation costs and ultimately add a rental income stream to the HRA.

Comments of the Head of Legal Services

There are no known legal implications associated with the report recommendations at this time. It is anticipated that the homes delivered through this fund will be affordable/low-cost housing to support wider local authority housing and homelessness responsibilities for the remainder of their lifetime. The report recommendations therefore align with the importance that the Council places upon meeting the housing needs and aspirations of its residents.

The target date for completion of Round 3 is March 2026 and the MOU will require the Council to use best endeavours to deliver homes within the timescales. Any clawback would only apply to unspent/uncommitted grant funding at the end of the programme. Delivery of the fund will be measured on the basis of exchange of contracts, or equivalent milestone where exchange of contract will not occur, and the number of households accommodated in the properties.

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, additional 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

Appendix 'B' - Equality Impact Assessment

Background papers

None

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