

This report will be made public on 19 July 2023

Report Number **C/23/23**

To: Cabinet
Date: 27 July 2023
Status: Key Decision
Responsible Officer: Andy Blaszkowicz, Director – Housing & Operations
Cabinet Member: Councillor Rebecca Shoob, Cabinet Member for Housing and Homelessness
SUBJECT: LOCAL AUTHORITY HOUSING FUND PHASE 2

SUMMARY:

The Government has provisionally offered the Council £584k of Local Authority Housing Fund (LAHF) grant, to facilitate the purchase of 4 properties to temporarily accommodate Afghan settlement programme refugees in the district and a further property which can be used to accommodate other homeless households. The Council is required to submit a non-binding memorandum of understanding to the Government by early August to confirm if it wishes to take part in the programme.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out in this report because: -

- a) The LAHF covers 40% of the purchase cost for five properties, plus a further £20K per property for other associated costs.
- b) Four properties will be used initially to house Afghan refugees, but can subsequently be used to accommodate households on the housing list.
- c) The scheme will also provide funding for one property that can be used to accommodate other homeless households.

RECOMMENDATIONS:

1. To receive and note report C/23/23.
2. To confirm that the Council should participate in the LAHF Phase 2 initiative and purchase 5 properties in line with the scheme requirements.
3. To note the match funding requirements of the scheme and agree this is proposed to be met from Council resources.
4. To agree that a further report is tabled at Full Council to add the scheme to the Council's Medium Term Capital Programme.

1. Introduction & Background

- 1.1 The Government has recently announced details of a national £500million scheme to enable local authorities to purchase properties in their area to accommodate Afghan Settlement Programme refugee households for an initial period of 3 years. The properties will form part of the Council's Housing Revenue Account (HRA) stock and can subsequently be used to accommodate households from the Council's housing waiting list.
- 1.2 The Council has been allocated a provisional grant sum of £584K to facilitate the purchase of 5 properties in the district. Four of the properties are required to be used to accommodate Afghan households and one property can be used to accommodate other homeless households.
- 1.3 The grant will be paid in 2 tranches, the first (30%) during Summer 2023/24 and second tranche (70%) during Autumn 2023/24 as property purchases are progressed. The grant covers 40% of the purchase price of the properties. The Government will also be providing an additional £20k grant per property to cover any additional cost incurred to get the property ready for occupation. The properties will be a mix of 2-, 3- and 4-bedroom units and will be made available at affordable rents, linked to the local housing allowance.
- 1.4 The Council is expected to fund the remaining acquisitions costs through its own resources. This is expected to be in the region of £700K. It is proposed that the Council should utilise the following existing budgeted resources for this purpose:
 - The Council's Housing Revenue Account agreed new build and acquisition resources.
 - Affordable housing developer contributions held by the Council.
 - Homelessness Prevention Grant resources held by the Council.

A further report will be tabled at Full Council to confirm the detailed funding arrangements for inclusion in the Medium-Term Capital Programme (MTCP).

- 1.5 The Council is required to complete all the property purchases by 31st March 2024. An initial review of the local market has shown there are several suitable properties currently available, and it is fully anticipated that other viable properties will become available over the coming months.
- 1.6 Cabinet is asked to agree that the Council should participate in the LAHF Phase 2 initiative and purchase the required 5 properties. The non-binding memorandum of understand will be submitted in line with the scheme requirements.
- 1.7 As part of the earlier LAHF Phase 1 supported by members, the Council has already successfully agreed terms for the purchase of ten properties for occupation by Ukrainian and Afghan households in the district.

2. RISK MANAGEMENT ISSUES

2.1 A summary of the perceived risks follows:

| Perceived risk | Seriousness | Likelihood | Preventative action |
|--|-------------|------------|---|
| The scheme cannot be delivered within the agreed capital programme budget. | Medium | Low | The proposed resources are set out in section 1.4 of this report. The grant funding from Government will cover 40% of the property acquisition costs. |
| The Council is unable to acquire the properties within the agreed timeframe. | Medium | Low | Officers will regularly review the local market to identify suitable and viable properties. |

3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

3.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report. The MOU is not a binding but sets out the understanding between the parties for the use of the funding. Legal Services will review the MOU and advise accordingly.

3.2 Finance Officer's Comments (JS)

The proposed matching funding is anticipated to be in the region of £700K. Section 1.4 outlines where this match funding could be identified from within existing council resources. In particular, there is currently discussion with KCC over additional grant funding available for the separate Homes for Ukraine scheme which officers are in the process of submitting. This would potentially free up budget in the HRA capital programme for acquisitions that was intended to be spent on the Homes for Ukraine scheme. The budget for the whole phase 2 LAHF scheme (including the LAHF grant funded element) will require a decision from Full Council for it to be incorporated in the HRA Capital Programme and budget and a detailed proposed funding structure will be provided at this time (and once the Homes for Ukraine additional grant funding from KCC has been clarified). The MTCP will also need to be updated.

3.3 Diversities and Equalities Implications (AH)

The properties purchased through this scheme will be specifically (initially) be made available as homes for refugee households from Ukraine and Afghanistan.

3.4 Climate Change Implications (AH)

There are no implications arising directly from this report. Wherever possible, the Council will work to improve the energy efficiency of the properties purchased.

4. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting.

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The following background documents have been relied upon in the preparation of this report:

None.