

REPORT TITLE: LOCAL AUTHORITY HOUSING FUND – ADDITIONAL FUNDING

13 SEPTEMBER 2023

REPORT OF CABINET MEMBER: Cllr C WESTWOOD

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WARD(S): ALL

PURPOSE

This report directly supports the Council Plan priority of delivering Homes for all.

The purpose of this report is to inform Cabinet on the Local Authority Housing Fund (LAHF) grant programme provided to local authorities by the Department of Levelling up Housing and Communities (DLUHC) to acquire properties for the resettlement of Ukraine and Afghan refugees.

Following the report to Cabinet (CAB3402) on 23 May 2023, to accept and approve the initial government LAHF (Round 1a) grant allocation of £2,729,109 and the Housing Revenue Account match funding requirement to acquire 17 homes, the government announced in June a second LAHF (Round 1b) grant allocation opportunity.

DLUHC have accepted the council's offer under LAHF round 1b to acquire a further 22 properties through the LAHF (Round 1b) grant allocation and revised the original Memorandum of Understanding (MoU) to provide an additional £3,300,000 of LAHF grant allocation. The Council is already in contract to acquire 15 of the required 22 properties with the funding in place within the 2023/24 HRA capital programme. To accept the DLUHC LAHF (Round 1b) grant allocation contained in the MoU it is necessary to consider the Housing Revenue Account match funding requirement for the remaining 7 properties to be acquired.

In July 2023 DLUHC launched its LAHF (Round 2) grant allocation. DLUHC have offered the council a MoU to provide £1,239,600 of LAHF (Round 2) grant allocation to acquire an additional 6 properties for Afghan households. To accept the DLUHC offer it is necessary to consider the Housing Revenue Account match funding

requirement of a further 6 properties.

Between the 3 rounds of government LAHF grant allocation the council will have acquired 45 properties that will initially benefit Ukraine and Afghan refugees, but in the longer term will be used as additional affordable homes for all.

RECOMMENDATIONS:

1. To agree to enter into a revised MoU with DLUHC to secure an additional £3,300,000 LAHF funding from Round 1b to fund the provision of an additional 22 homes under the programme.
2. Further to the LAHF grant used to acquire 15 properties already budgeted for (CAB3304) to agree additional capital expenditure of up to £4,375,000 to acquire and refurbish the remaining 7 properties required, subject to viability under Financial Procedural Rule 7.4, using the approved 2024/25 HRA unallocated new build budget, to be funded by LAHF grant with the balance of £2,401,000 match funded by the HRA
3. To agree to enter into a MoU with DLUHC to secure £1,239,600 of LAHF Round 2 funding for the provision of 6 additional homes under the programme.
4. To agree capital expenditure of up to £2,917,500 to acquire and refurbish 6 properties subject to viability under Financial Procedural Rule 7.4, using the approved 2024/25 HRA unallocated new build budget, to be funded by £1,239,000 LAHF grant with the balance of £1,679,400 to be match funded by the HRA
5. To agree delegation to the Corporate Head – Asset Management and the Director with the responsibility for housing to purchase 13 properties.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1. Tackling the Climate Emergency and Creating a Greener District
- 1.2. The proposed purchase of 7 and 6 additional properties will target ex- council houses with energy ratings varying from D to E. After purchase they will be included in the Housing retro-fit programme to bring them up to a minimum rating of B and C helping to reduce carbon emissions across the district.
- 1.3. Homes for all
- 1.4. The properties to be acquired will form part of the Council's ambition to deliver 1017 new homes over the 10-year programme to meet housing needs in the district.
- 1.5. Vibrant Local Economy
- 1.6. The proposal increases the amount of affordable housing to support local workers in lower paid employment and generates impact in the local economy on the back of the supply chain for works to the homes.
- 1.7. Living Well
- 1.8. The additional properties will be good quality family accommodation with improved energy rating thus reducing potential for the quality of homes to impact on household health.
- 1.9. Your Services, Your Voice
- 1.10. As with all new homes schemes undertaken by the council there will be a 12-month tenant satisfaction survey carried out to address and understand any issues or concerns.
- 1.11. *The proposals will be discussed with TACT - feedback to be provided.*

2 FINANCIAL IMPLICATIONS

- 2.1 The financial appraisal for both the revised MOU1a and MOU1b as well MOU2 are contained in the Appendices. These show the notional maximum spend based upon the average grant that can be applied to both the MOU Schemes. The rents are based on the LHA for the assumed property size.
- 2.2 The Total Scheme Cost allowed by the grant towards the purchase, refurbishment and associated costs of acquisition in the revised MOU1a and MOU1b is £13,748,200, with combined grant funding of up to £6,029,109. The grant allows a funding envelope of up to £6,158,218 for MOU1a and for MOU1b £7,590,000. As a revised MOU the total of both schemes is a relevant consideration in the calculation of the maximum eligible funding that can be applied.

- 2.3 The MOUs specify the maximum grant that can be applied which is 40%, (with the exception of a larger 4 bed property in MOU1a where it is 50%). However this is not applied to individual properties but to the overall portfolio i.e. spend on both MOU1a and MOU1b represents the eligible spend used in the calculation.
- 2.4 It is important that the individual purchases are financially viable and that the rent income can support the outstanding debt on the property purchases after the application of the grant. It is for this reason that it is likely that not all the grant will be able to be applied, and may need to be repaid.
- 2.5 In the case of MOU2, the appendix shows that the grant level of £187k would allow spend up to £487k per property, however this is not viable at LHA levels and the maximum amount that can be supported is £415k per property which will result in an anticipated repayment of grant.
- 2.6 The budget for the HRA contribution will come from the unallocated new homes budget provision. The underspent budget from 2022-23 will be brought forward to the 2023-24 budget and the balancing item required to meet the budget requirement will be brought forward from 2024-25 capital budget for new homes.
- 2.7 It is proposed that the properties that are acquired will be let at 80% Market rent or Local Housing Allowance whichever is the lower. This delivers the most viable proposal for the HRA in relation to the competing demands of the HRA business plan to retrofit homes and maintain the council house build programme.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The powers under which the Council acquires property assets can be general or specific. General Powers to acquire land and property stem from the Local Government Act 1972. (Section 120). These enable local authorities to acquire property for any of their functions, or for the benefit, improvement or development of their area.
- 3.2 It is intended to acquire 7 freehold properties through the LAHF Round 1b allocation of funding and the revised MoU requires the council to exchange contracts on the 7 properties no later than 30 November 2023. The intention for LAHF Round 2 is to acquire a further 6 freehold properties and the MoU requires the council to exchange contracts no later than 29 March 2024. The council will be registered at HM Land Registry with full absolute title for all of the properties, which is the best form of title.

4 WORKFORCE IMPLICATIONS

- 4.1 Negotiation, purchase and management of the properties is within existing staff resources.

5 PROPERTY AND ASSET IMPLICATIONS

5.1 The additional homes will be managed and maintained within the Housing Revenue Account (HRA) and provide a positive long-term asset for the council.

6 CONSULTATION AND COMMUNICATION

6.1 Lead Cabinet Members have been briefed on the LAHF programme and endorsed the approach of entering into the revised MoU to secure £ 4.539m LAHF funding to finance the current acquisition of 15 homes at Whitely, to acquire a further 7 homes for Ukraine households and 6 homes for Afghan households.

6.2 TACT had previously been consulted on the LAHF (Round 1a) programme and support the proposals in principle to acquire existing properties some that are currently let as HMO's on council estates to be converted back to family housing. Due to DLUHC grant funding time restraints it has not been possible to brief on the latest proposal for the additional funding opportunities of LAHF Round 1b and Round 2.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 The acquired properties are predominately ex council properties which have been converted to HMOs by private landlords. After purchase they will become part of the HRA property portfolio and as part of the refit will then be retrofitted along with the rest of the Council's stock to ensure they meet current and future energy standards

8 PUBLIC SECTOR EQUALITY DUTY

8.1 The Council has undertaken an EIA to assess local impacts. The council's allocation policies have previously been subject to an Equality Impact Assessment.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Financial Exposure:</i> The council does not comply with the DLUHC MoU funding conditions and the government grant is not paid.	The MoU is not intended to create legal or binding obligations. It describes the understanding between both parties for the use of funding The grant guidance is being followed and regular monitoring statements are	The DLUHC LAHF programmes provide the council with additional housing assets for the future and bring local HMO properties (often ex council properties) back in to family housing.

<p>Potential that Home Office referrals or the local Ukraine/Afghan housing resettlement demand is not met causing rental loss.</p>	<p>required to be submitted to DLUHC within set deadlines.</p> <p>Hampshire is one of the highest demand resettlement areas. Longer term voids, should they occur could be let to applicants on the councils housing register.</p>	
<p>Exposure to challenge</p>		
<p><i>Innovation:</i> The buying back of ex-council HMO properties on the open market. Increasing the supply of family homes.</p>	<p>The government guidance recognises that acquisition of existing stock or buying properties on the open market are ways of meeting the requirements of the LAHF Round 1 and 2</p>	
<p>Reputation: Positive impact of bringing local HMO's back into the councils housing stock increasing the supply of family housing and additional homelessness provision to support the most vulnerable households.</p>		
<p>Property. The buying back of a number of ex-council HMO properties on the open market.</p>	<p>Any properties identified will be disused with relevant officers to agree housing need and location. A surveyor will visit the property, conduct a survey drafting up a preliminary schedule of works before any negotiations are entered into.</p>	<p>The DLUHC LAHF programmes provide the council with additional housing assets for the future and bring local HMO properties back in to council owned family housing.</p>
<p><i>Community Support:</i> A negative perception that the funding and acquisitions of properties</p>	<p>Properties in the longer term will be additional HRA housing stock for all future tenants. TACT</p>	<p>The council will have acquired 45 additional homes through the LAHF programme(s) that will</p>

will not provide new homes for those on the Housing Register.	have been consulted on the LAHF programme and are supportive of the proposed approach which will see the reduction in HMO homes on council estates.	initially benefit Ukraine and Afghan refugees, but in the longer term will be used as additional affordable homes for all.
<i>Timescales:</i> The revised MoU requires the council to exchange contracts on 7 of the LAHF R1b by 30.11.23 and 6 of the Round 2 by 29.3.24.	LAHF operational processes in place with identified lead officers to acquire properties and complete the purchases on time.	
<i>Project capacity:</i> To be delivered within current council staffing resources and supported by HCC allocated staffing resources.	Project team in place with clearly defined roles defined.	

11 SUPPORTING INFORMATION:

Background

- 11.1 In December 2022, the Department of Levelling Up, Housing and Communities (DLUHC) launched the £500 million first round of the Local Authority Housing Fund (LAHF). A capital fund that supports local authorities in England to obtain settled accommodation for families in housing need who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes.
- 11.2 In February 2023 the council submitted an expression of interest to DLUHC for the first round of the LAHF programme as set out in CAB3402 on 23 May 2023. The council was successfully awarded capital grant funding of £2,400,000 with the council expected to match fund to the value of £3,665,000 making the total scheme cost £6,065,000.
- 11.3 The council agreed to secure a minimum of 17 homes, 16 for Ukraine families and 1 through additional funding of £329,109 to provide a 4 bed roomed home for an Afghan family currently residing in a bridging hotel.
- 11.4 The Council entered into a MoU to deliver the LAHF (Round 1a) programme and completed on the purchase of 14 HMO properties on 31 July 2023. 2 further properties will complete in July 2024 leaving one property to be identified and secured by November 2023 to meet the requirements of the LAHF initial allocation. The properties purchased to date are predominately ex-council homes on council estates.

LAHF Round 1b Capital Funding

- 11.5 As set out in CAB3402 at Cabinet Committee on 23 May 23 officers approached the Department of Levelling up Housing and Communities (DLUHC) to enquire whether there was an opportunity to secure additional LAHF capital funding. The council request was approved and a further £1050m was awarded to purchase 22 additional properties for Ukrainian households. 15 existing properties will be in Whitely, a further 7 property acquisitions are currently being sought through the open market across the Winchester district.
- 11.6 The 7 homes need to be identified and contracts exchanged by the end of the November 2023 to meet the requirements of the LAHF (Round 1b) grant allocation. Officers have already identified 2 potential properties.
- 11.7 An allowance of up to £20,000 per property has been allocated as part of DLUHC funding conditions to support repair and decoration costings to bring the 7 open market properties back into family use.

LAHF Round 2 Capital Funding

- 11.8 In March 2023 it was announced that the LAHF programme would be expanded by £250 million for a second round of funding. The majority of the additional funding is targeted at families on the Afghan Resettlement Scheme who currently remain in unsuitable bridging accommodation. To provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can rebuild their lives, find employment and integrate into communities.
- 11.9 An element of the funding will be utilised to reduce local housing pressures beyond those on Afghan resettlement schemes by funding and providing better quality temporary accommodation to families owed homelessness duties by the council.
- 11.10 DLUHC launched its LAHF (Round 2) grant allocation opportunity in July 2023 and officers expressed an interest and proposed a plan to obtain a further 6 properties. The council have been successful in receiving a total capital grant funding allocation of £1,239,600 representing up to 40% of the cost of the property plus an allowance of £20,000 for repairs per property. The council is expected to match fund to the value of £1,559,400 making the total scheme cost of £2,799,000. This equates to a maximum amount of up to £466,500 per property.
- 11.11 Table of the current LAHF grant allocation programme position:

LAHF Grant Allocation Round	Property Acquisition Requirement	Property Update
Round 1a	16 Units for Ukrainian Households.	<ul style="list-style-type: none"> Completed on 14 units (inclusive of the Afghan unit)

	1 Unit for Afghan Resettlement Scheme.	<ul style="list-style-type: none"> • Exchanged Contracts on 2 units. • Negotiating on 1 unit.
Round 1b	22 Units for Ukrainian households.	<ul style="list-style-type: none"> • 15 units secured at Whitely. • 2 units identified and entering negotiations. • 5 units yet to be identified.
Round 2	6 Units for Afghan Households.	<ul style="list-style-type: none"> • 6 units to Identify.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 To not submit a further expression of interest to DLUHC for additional LAHF Round1b funding and for the additional LHAF Round 2 funding was considered and rejected. The LAHF programme provides the council with additional housing assets for the future and brings local HMO properties back in to council owned family housing. The funding will also reduce the housing and homelessness pressures in the longer term as there is an obligation on the council to assist Ukrainian and Afghan families that became homeless.

BACKGROUND DOCUMENTS: -

Previous Committee Reports:

CAB3387 - HRA Budget 23/24 - 9 Feb 2023

CAB3402 - Local Authority Housing Fund, Property Acquisition – 23 May 2023

Other Background Documents: -

APPENDICES:

Appendix 1- Financial Appraisal Round 1 (combined 1a + 1b)

Appendix 2- Financial Appraisal Round 2

Appendix 3- Equality Impact Assessment

Winchester City Council

Equality Impact Assessment Template (EqIA)

Section 1 - Data Checklist

When undertaking an EqIA for your policy or project, it is important that you take into consideration everything which is associated with the policy or project that is being assessed.

The checklist below is to help you sense check your policy or project before you move to Section 2.

		Yes/No	Please provide details
1	Have there been any complaints data related to the policy or project you are looking to implement?	No	
2	Have all officers who will be responsible for implementing the policy or project been consulted, and given the opportunity to raise concerns about the way the policy or function has or will be implemented?	Yes	Officers meet on a weekly basis to discuss the implementation of the project and where any concerns are raised, they are discussed, considered and resolved.
3	Have previous consultations highlighted any concerns about the policy or project from an equality impact perspective?	No	
4	Do you have any concerns regarding the implementation of this policy or project? <i>(i.e. Have you completed a self-assessment and action plan for the implementation of your policy or project?)</i>		There is a process and action plan for the project which is monitored weekly
5	Does any accessible data regarding the area which your work will address identify any areas of concern or potential problems which may impact on your policy or project?	No	
6	Do you have any past	Yes	This project is being implemented

		Yes/No	Please provide details
	experience delivering similar policies or projects which may inform the implementation of your scheme from an equality impact point of view?		by a cross section of officers who have vast experience in working with DLUHC, purchasing properties , working with refugees and allocations and so forth
7	Are there any other issues that you think will be relevant?	No	

Section 2 - Your EqIA form

Directorate: Services	Your Service Area: Housing	Team:	Officer responsible for this assessment: Karen Thorburn	Date of assessment: 01/09/2023
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	Question	Please provide details
1	What is the name of the policy or project that is being assessed?	Local authority Housing Fund property acquisition
2	Is this a new or existing policy?	New
3	Briefly describe the aim and purpose of this work.	The purpose is to acquire an additional 28 homes that will be let at affordable rent funded by the Government's local authority housing fund. A condition of the funding is that the Council will then accommodate 4 Afghan families, 2 families requiring temporary accommodation and 22 Ukrainian families in the overall housing stock.
4	What are the associated objectives of this work?	The project will bring 28 homes that are currently on the open market back into the council's stock and will be a mixture of larger and smaller properties, the majority being ex council stock and some are in existing blocks of flats.
5	Who is intended to benefit from this work and in what way?	The beneficiaries of this project will be the 28 families that the council will house as a condition of the grant finding
6	What are the outcomes sought from this work?	The acquisition of the homes funded by the LAHF will help 28 families avoid homelessness by ensuring there is availability of additional good quality accommodation.
7	What factors/forces could contribute or detract from the outcomes?	Inability to secure the suitable homes at the right time to be able to claim the LAHF funding.
8	Who are the key individuals and organisations responsible for the implementation of this work?	Simon Hendey, Gillian Knight
9	Who implements the policy or project and who or what is responsible for it?	As above

		Please select your answer in bold . Please provide detail here.	
10a	Could the policy or project have the potential to affect individuals or communities on the basis of race differently in a negative way?		N The acquisition of additional homes although enabling allocation to households of certain ethnic origin does not negatively impact on any group.
10b	What existing evidence (either presumed or otherwise) do you have for this?	Without the addition of extra homes to meet housing need those households who are homeless or waiting on the Council's housing register will wait longer to receive an appropriate home.	
11a	Could the policy or project have the potential to affect individuals or communities on the basis of sex differently in a negative way?		N The Council's allocation policy and statutory requirements in relation to homelessness will ensure that there will not be a negative impact on basis of sex.
11b	What existing evidence (either presumed or otherwise) do you have for this?	Monitoring on allocations of affordable housing to households on a regular basis.	
12a	<p>Could the policy or project have the potential to affect individuals or communities on the basis of disability differently in a negative way?</p> <p><i>you may wish to consider:</i></p> <ul style="list-style-type: none"> • <i>Physical access</i> • <i>Format of information</i> • <i>Time of interview or consultation event</i> • <i>Personal assistance</i> • <i>Interpreter</i> • <i>Induction loop system</i> • <i>Independent living equipment</i> • <i>Content of interview</i> 		N Homes to be acquired will be let to those that has the requisite housing need either as determined by the Councils allocation policy or statutory obligations to homeless households. If homes require adaptation to meet specific needs of a household that will be undertaken on a bespoke basis.
12b	What existing evidence (either presumed or otherwise) do you have for this?	Monitoring of the allocation of affordable housing. Adaptation programme of the Council's housing stock.	
13a	Could the policy or project have the potential to affect individuals or communities on the basis of sexual orientation differently in a negative way?		N

13b	What existing evidence (either presumed or otherwise) do you have for this?	Monitoring of the allocation of affordable housing.	
14a	Could the policy or project have the potential to affect individuals on the basis of age differently in a negative way?	Y	Some of the homes to be acquired are currently let as HMO to students. The removal of these homes from that market could impact on availability of accommodation for students in Winchester if the market does not respond appropriately.
14b	What existing evidence (either presumed or otherwise) do you have for this?	Educational institutions in Winchester identifying lack of suitable, affordable homes for students.	
15a	Could the policy or project have the potential to affect individuals or communities on the basis of religious belief differently in a negative way?	N	
15b	What existing evidence (either presumed or otherwise) do you have for this?	Monitoring of the allocation of affordable housing	
16a	Could this policy or project have the potential to affect individuals on the basis of gender reassignment differently in a negative way?	N	
16b	What existing evidence (either presumed or otherwise) do you have for this?	Monitoring of allocation of affordable housing	
17a	Could this policy or project have the potential to affect individuals on the basis of marriage and civil partnership differently in a negative way?	N	
17b	What existing evidence (either presumed or otherwise) do you have for this?	Monitoring of allocation of affordable housing	
18a	Could this policy or project have the potential to affect individuals on the basis of pregnancy and maternity differently in a negative way?	N	
18b	What existing evidence (either presumed or otherwise) do you have for this?	Monitoring of allocation of affordable housing	
19	Could any negative impacts that you identified in questions 10a to 15b create the potential for the policy to	N	

	discriminate against certain groups on the basis of protected characteristics?			
20	Can this negative impact be justified on the grounds of promoting equality of opportunity for certain groups on the basis of protected characteristics? Please provide your answer opposite against the relevant protected characteristic.		N	Race: Sex: Disability: Sexual orientation: Age: Gender reassignment: Pregnancy and maternity: Marriage and civil partnership: Religious belief:
21	How will you mitigate any potential discrimination that may be brought about by your policy or project that you have identified above?	.		
22	Do any negative impacts that you have identified above impact on your service plan?		N	

Signed by completing officer	Karen Thorburn 01/09/2023
Signed by Service Lead or Corporate Head of Service	Gillian Knight 04/09/2023