

REPORT TO CABINET

| | | | | | |
|---|---|---|---|---|---------------------------------------|
| Open/ | | Would any decisions proposed : | | | |
| Any especially affected Wards | Mandatory/ | Be entirely within Cabinet's powers to decide | | NO | |
| | Discretionary / | Need to be recommendations to Council | | YES | |
| | Operational | Is it a Key Decision | | YES | |
| Lead Member: Cllr Alexandra Kemp E-mail: | | | Other Cabinet Members consulted: | | |
| | | | Other Members consulted: | | |
| Lead Officer: Nikki Patton E-mail: Nikki.patton@west-norfolk Direct Dial: | | | Other Officers consulted: | | |
| Financial Implications YES | Policy/ Personnel Implications YES | Statutory Implications YES | Equal Impact Assessment YES/NO If YES: Pre- screening/ Full Assessment | Risk Management Implications YES | Environmental Considerations NO |

Date of meeting: 1st August 2023

LOCAL AUTHORITY HOUSING FUND

Summary

This report provides information on the funding offered to BCKLWN in June 2023 through Round 2 of the Local Authority Housing Fund (LAHF). The programme has been established by the Department for Levelling Up, Housing and Communities (DLUHC) to support Local Authorities to acquire homes to accommodate households with housing needs who have arrived in the UK via Afghan resettlement and relocation schemes.

The Council has been offered grant to acquire 7 homes for Afghan households and 1 property for the council to use as temporary need to meet wider homelessness needs. This is subject to acceptance of terms by the Council through a Memorandum of Understanding. The purpose of the report is to seek approval to accept the grant, provide the required match funding and inform the Cabinet of the requirements of the grant funding and potential delivery options.

Recommendation

Recommendations to Full Council:

1. The Council will enter a Memorandum of Understanding (Appendix 1) with DLUHC based on the attached prospectus for the Local Authority Housing Fund Round 2 (appendix 2)
2. The Council will accept the total sum of £868,000 offered to the Council by DLUHC under the Local Authority Housing Fund to deliver the programme understanding the match funding requirements as set out in the report and attached prospectus.

3. The Council will commit match funding of up to £952,000 to deliver the 7 homes.
4. The Council will seek to maximise the Flexible Housing Fund to reduce the overall match funding required from the Council.
5. Authority is delegated to the Chief Executive in consultation with the Portfolio Holder for Housing People and Communities to negotiate and agree the final terms of contract with DLUHC under which the grant will be accepted.
6. The Council will purchase up to 7 properties on the basis of a subsequent freehold transfer to West Norfolk Housing Company subject to agreement from West Norfolk Housing Company.
7. Authority is delegated to the Assistant Director (Regeneration, Housing and Place) and portfolio holder for Communities to provide grant funding from the Local Authority Housing Fund to Freebridge Community Housing in the event that they agree to bring an identified long term empty property back into use as detailed in the report.
8. The Council agrees to the principle of allocating 6 of the properties acquired through the fund to eligible Afghan households in accordance with the existing Local Lettings Plan. 1 property will be used as temporary accommodation.

Reason for Decision

The recommendations will ensure that the opportunity presented by the Local Authority Housing Fund to deliver affordable housing in the borough will be fully realised and will help to relieve pressures on the council's homelessness services.

1 Background

1.1 The Department for Levelling Up, Housing and Communities released details of Round 2 of the Local Authority Housing Fund in June 2022. The funding is primarily designed to support selected local authorities to obtain and refurbish (where necessary) property in order to provide sustainable housing for those unable to secure their own accommodation who are here under the following schemes:

- Afghan Citizen Resettlement Scheme (ACRS),
- Afghan Relocations and Assistance Policy (ARAP),

1.2 The objectives of Round 2 of LAHF are to:

- Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities.
- Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to those owed homelessness duties by local authorities.

- Reduce emergency, temporary and bridging accommodation costs.
 - Reduce impact on the existing housing and homelessness systems and those waiting for social housing.
- 1.3 Funding has been allocated to local authorities based on a formula taking into the level of housing pressure and the number of Afghan individuals in bridging hotels. BCKLWN have been allocated £868,000 to provide a minimum of 6 homes for eligible Afghan households and 1 property for use as temporary accommodation to meet the Council's wider housing needs. Local authorities accepting the funding are expected to deliver on both elements of the funding.
 - 1.4 This fund will complement the existing Afghan resettlement scheme delivered by Norfolk County Council.
 - 1.5 There are around 3,999 Afghans currently living in Home Office bridging accommodation although none currently in this borough. The Home Office is bringing accommodation within all bridging hotels in the country to an end by the end of August 2023. Any Afghan households leaving bridging accommodation at this time without suitable alternative accommodation are likely to approach local authorities for housing assistance. These households will be able to make a homeless application to any local authority, as they are unlikely to have a local connection to any area, they would be owed a duty by whichever local authority they choose to approach. It is possible that some of these households could choose to approach BCKLWN. In these circumstances, they could be housed in accommodation acquired through the LAHF scheme.
 - 1.6 The main principle behind the funding is to alleviate pressures on existing homelessness systems.
 - 1.7 In 2022 all local authorities received a letter from the Home Office, asking all local authorities in England to support the resettlement efforts of asylum seekers including Afghans to ensure that the responsibility does not fall disproportionately on a small number of local authorities.
 - 1.8 The target date for delivery of homes is 31st March 2024. There is an expectation that contracts to acquire homes will be exchanged by this date. Due to the timescales, the expectation is that most homes will be delivered through acquiring existing private stock or homes on new developments currently under construction. Whilst these timescales are challenging, it will ensure that the homes can respond to the needs of eligible households.
 - 1.9 The homes will be of a type and price to ensure they can be delivered as affordable housing. In order to meet the housing needs of those eligible, the homes should be within the borough's towns. Many of the

eligible Afghan households require larger homes. However, data from the Home Office shows that there is also a need for 2 and 3 bedroom homes. It is currently anticipated that the properties will be a mix of 2, 3 and 4 bed homes.

- 1.10 The aspirations of the Fund in relation to future longer-term use of the homes is for them to become part of the wider affordable housing stock. The type and locations therefore need to be suitable to meet the wider housing needs of the borough. Consideration also needs to be given to the condition, ongoing maintenance costs and energy efficiency of properties.
- 1.11 The approach will be to assess the suitability of properties available on the open market taking into account the above factors. This approach will add an additional 7 properties to the affordable housing stock.
- 1.12 Discussions have also been held with Freebridge Community Housing regarding the potential to use the funding to bring a larger long term empty home that they own back into the use. This would enable the delivery of a larger property within the ambitious timescales whilst also achieving good value for money.
- 1.13 In order to accept the funding, the Council is required to sign a Memorandum of Understanding (MOU). DLUHC had originally indicated that the Memorandum of Understanding had to be signed by 14th August 2023. However, it has now been confirmed that the full allocation will be made available if the MOU is agreed shortly after the 14th August. The 1st tranche of funding (30% of the allocation) will be released shortly after entering into the MOU with the remaining allocation paid once 60% of the initial tranche has been spent.

2. Tenure

- 2.1 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.
- 2.2 Tenancies could be either assured (lifetime) tenancies or fixed term tenancies.
- 2.3 Whilst the homes could be delivered as private rented housing at reduced rents, the above requirements are more aligned with social housing and there may be subsidy control issues if the funding is used by an organisation other than a Registered Provider of Social Housing. Further, if properties are disposed of, the funding will continue to be required to be used for affordable housing.

- 2.4 Whilst the properties will be initially acquired by the Council, the intention is that they will be transferred to West Norfolk Housing Company, the Council's wholly owned Registered Provider of Social Housing at such time as funding arrangements are in place.
- 2.5 West Norfolk Housing Company lease properties that they own to Broadland Housing Association under an agreement that has existed for approximately 5 years. Broadland Housing have agreed that they will lease properties acquired through the scheme from the Council on the same terms as they use with West Norfolk Housing Company. Under these arrangements, Broadland would be the landlord for the properties and would carry out full management and maintenance duties.
- 2.6 In the case of the 1 potential property delivered via Freebridge, they would retain ownership and continue to manage and maintain the property after completion of works. Freebridge would be required to enter into a legal agreement with the Council to ensure that any grant is used in accordance with the funding requirements.
- 2.7 The fund provides the opportunity to deliver additional affordable housing to assist with these potential housing pressures.
- 2.8 Although the properties will have to be used for the defined cohort, in the long run they could be used by the wider community. The funding will increase the stock of affordable housing in the borough.

3. Options Considered

- 3.1 The Council can choose to accept the grant from DLUHC and provide the 7 homes under the terms set out above or reject the grant.
- 3.2 If the Council chose to reject the funding due to the required terms including the timescales, it could endeavour to provide additional accommodation without this funding to respond to the increased housing pressures that are being experienced. This would have capital greater capital funding implications for the Council.

4. Policy Implications

- 4.1 Due to the eligibility criteria for the fund, 6 of the homes must be allocated to eligible homeless Afghan households. On 27th June 2023 Cabinet endorsed a Local Lettings Plan to be used to allocate homes acquired through LAHF Round 1, including 2 homes for Afghan families.
- 4.2 It is proposed to extend this lettings plan to cover the 6 homes for Afghans funded through LAHF Round 2. In accordance with the

Council's Social Housing Allocations Policy, this will need to be approved by the West Norfolk Homechoice panel.

5. Financial Implications

- 5.1 The grant funding can amount to up to an average of 40% of capital costs plus £20k per property. This means there is a requirement for match funding.
- 5.2 The grant allocation is based on an average costs per property of £260,000 . Based on this average, match funding of £952,000 would be required to provide the 7 homes.
- 5.3 Additional funding is available to local authorities housing eligible homeless Afghan households. Local Authorities can claim up to £7,100 per person through the Flexible Housing Fund. This funding can be used as match funding for the LAHF scheme. It is estimated that this could amount to £177,500. However, the final amount will depend on the size of households accommodated. This would reduce the match funding required by the council to £774,500.
- 5.4 Based on an indicative mix of properties, it is estimated that the 7 homes would have a social housing value of circa £831,400. This broadly represents an amount that the Council could sell the homes to another affordable housing provider. This demonstrates that the scheme will deliver good value for money.
- 5.5 Match funding could also come from various sources including the following
 - Borrowing by the Council or West Norfolk Housing Company covered by the rental income from the properties
 - Funding provided by Freebridge Housing to bring the 1 property identified above back into use.
 - Other available sources of capital funding
- 5.6 The Council will also receive an additional £9,150 per eligible Afghan household accepted as homeless.
- 5.7 The 1 property acquired for temporary accommodation will be used by the Council to help meet statutory homelessness duties. This will help reduce the council's need for inappropriate Bed and Breakfast accommodation. An additional unit of temporary accommodation for families would provide more appropriate accommodation for homeless families and could save the council circa £36,000 per year in bed and breakfast costs.
- 5.8 An amendment will be made to the council's Capital Programme to reflect the capital requirements of the scheme.

5.9 It is expected that the rental income stream will cover the borrowing requirements for the match funding.

6. Personnel Implications

6.1 None

7. Environmental Considerations

7.1 Due to forthcoming regulations relating to energy efficiency, it is essential that homes acquired either have an EPC rating of C or above or can be brought up to a C rating without significant works.

Statutory Considerations

The fund will provide accommodation which will assist the Council to meet its statutory homelessness duties.

8 Equality Impact Assessment (EIA)

(Pre screening report template attached)

Full EIA to Follow

9 Risk Management Implications

The potential risks and implications associated with the grant are discussed below:

- The target date for completion is challenging and failure to deliver homes within the 2023/24 financial year may lead to funding being clawed back. The MOU requires the council to use best endeavours to deliver homes within the timescales. Any clawback would only apply to unspent/uncommitted grant funding. It should be noted that the requirement is to have contracts exchanged by the end of March 2024, properties can be occupied at a later date.

The following associated risks are identified

- Risk of not meeting the housing needs of the funds eligible households and fulfilling statutory functions.
- Risk of not meeting wider housing and homelessness pressures

These associated risks both risk the increasing use of inappropriate and expensive temporary accommodation in particular bed and breakfast.

10 Declarations of Interest / Dispensations Granted

Duncan Hall - Director of West Norfolk Housing Company
Lorraine Gore – Secretary of West Norfolk Housing Company

11 Background Papers

Appendix 1 - Draft Memorandum of Understanding
Appendix 2 - Prospectus for Local Authority Housing Fund Round 2

Available at - <https://www.gov.uk/government/publications/local-authority-housing-fund-round-2/local-authority-housing-fund-round-2-prospectus-and-guidance>

Appendix 3 - Financial Modelling based on indicative property mix (exempt)

(Definition : Unpublished work relied on to a material extent in preparing the report that disclose facts or matters on which the report or an important part of the report is based. A copy of all background papers must be supplied to Democratic Services with the report for publishing with the agenda)

Pre-Screening Equality Impact Assessment

Borough Council of
King's Lynn & West Norfolk



| | | | | | |
|--|--|----------|----------|---------|--------|
| Name of policy/service/function | | | | | |
| Is this a new or existing policy/service/function? | New / Existing (delete as appropriate) | | | | |
| <p>Brief summary/description of the main aims of the policy/service/function being screened.</p> <p>Please state if this policy/service is rigidly constrained by statutory obligations</p> | | | | | |
| Question | Answer | | | | |
| <p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p> | | Positive | Negative | Neutral | Unsure |
| | Age | | | | |
| | Disability | | | | |
| | Gender | | | | |
| | Gender Re-assignment | | | | |
| | Marriage/civil partnership | | | | |
| | Pregnancy & maternity | | | | |
| | Race | | | | |
| | Religion or belief | | | | |
| | Sexual orientation | | | | |
| Other (eg low income) | | | | | |

| Question | Answer | Comments |
|--|----------|---|
| 2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another? | Yes / No | |
| 3. Could this policy/service be perceived as impacting on communities differently? | Yes / No | |
| 4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination? | Yes / No | |
| 5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section | Yes / No | Actions: |
| | | Actions agreed by EWG member: |
| If 'yes' to questions 2 - 4 a full impact assessment will be required unless comments are provided to explain why this is not felt necessary: Decision agreed by EWG member: | | |
| Assessment completed by: | | |
| Name | | |
| Job title | | |
| Date | | |