

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :			
<b>Any especially affected Wards</b>	Discretionary	Be entirely within Cabinet's powers to decide		Yes	
		Need to be recommendations to Council		No	
		Is it a Key Decision		No	
Lead Member: Cllr Rust E-mail: <a href="mailto:cllr.rust@west-norfolk.gov.uk">cllr.rust@west-norfolk.gov.uk</a>			Other Cabinet Members consulted: None		
			Other Members consulted: None		
Lead Officer: Nikki Patton E-mail: <a href="mailto:Nikki.patton@west-norfolk.gov.uk">Nikki.patton@west-norfolk.gov.uk</a> Direct Dial: 01553616726 Karl Patterson <a href="mailto:Karl.Patterson@west-norfolk.gov.uk">Karl.Patterson@west-norfolk.gov.uk</a> Direct Dial :01553 616847			Other Officers consulted: Duncan Hall Assistant Director of Regeneration, Housing & Place Michelle Drewery Assistant Director Resources & S151 Officer Tina Smith Group Accountant		
Financial Implications Yes	Policy/ Personnel Implications No	Statutory Implications YES	Equal Impact Assessment YES If YES: Pre-screening/	Risk Management Implications Yes	Environmental Considerations Yes

Date of meeting: 17th September 2024

### LOCAL AUTHORITY HOUSING FUND ROUND 3

#### Summary

This report provides information on the funding offered to BCKLWN in August 2024 through Local Authority Housing Fund (LAHF) Round 3. The programme has been established by the Ministry Housing Communities and Local Government (MHCLG) to support Local Authorities to acquire homes to accommodate households with housing needs who have arrived in the UK Afghan resettlement and relocation schemes and provide temporary accommodation homes for homeless households.

The Council has been offered grant to acquire 8 homes to be used for temporary accommodation for homeless households and 4 properties for Afghan households (Total 12). 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 and inform the Cabinet of the requirements of the grant funding and potential delivery options.

#### Recommendation

It is recommended that:-

1. The Council will enter a Memorandum of Understanding with MHCLG based on the attached prospectus for the Local Authority Housing Fund (see appendix 2). Authority is delegated to the Executive Director (Place) in consultation with the Portfolio Holder for Housing People and Communities to agree the final terms of the Memorandum of Understanding with MHCLG.
2. The Council will accept the total sum of £1,694,876 offered to the

Council by MHCLG 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. Cabinet agrees that, subject to agreement from West Norfolk Housing Company, the properties will be acquired by West Norfolk Housing Company, funded by the grant, debt financing and other available funding.
4. Authority is delegated to Assistant Director Resources & S151 Officer in consultation with the portfolio holder for Finance to agree terms with West Norfolk Housing Company for the transfer of properties on the Council's developments including arrangements for deferred consideration if necessary.
5. The Council requests that West Norfolk Housing Company works with the Council to deliver the properties through the fund.
6. Cabinet agrees to the principle of allocating 4 properties acquired through the fund to eligible Afghan households.
7. Authority is delegated to the Executive Director (Place) to alter the proposed Florence Fields tenure mix, originally agreed by Cabinet on the 17<sup>th</sup> January 2023, where necessary, to facilitate the disposal of properties previously identified as Private Rent and/or Open Market Sale, to West Norfolk Housing Company (WNHC) as affordable housing

### **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.

### **Background**

- 1.1 MHCLG released details of Round 3 of the Local Authority Housing Fund in August 2024. The funding is primarily designed to support selected local authorities to obtain and refurbish (where necessary) property in order to provide temporary accommodation to any homeless households and sustainable housing for those unable to secure their own accommodation who are here under the Afghan Citizen Resettlement Scheme (ACRS) and the Afghan Relocations and Assistance Policy (ARAP).
- 1.2 The objectives of Round 3 of LAHF are to:
  - Reduce local housing pressures and use of expensive and unsuitable accommodation, by providing better quality temporary accommodation to those owed homelessness duties by local authorities.
  - Reduce temporary accommodation costs.

- Provide sustainable settled housing to those on ACRS so that they can build new lives in the UK, find employment, and integrate into communities.
  - Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.
- 1.3 Following submission of an Expression of Interest, BCKLWN have been allocated £1,694,876 to provide 12 new build homes - 4 for eligible Afghan households and 8 properties 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 Any Afghan households leaving Home Office accommodation 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 final target date for delivery of homes is 31st March 2026 with the delivery of 2 homes expected by 31<sup>st</sup> March 2025. There is an expectation that contracts to acquire homes will be exchanged by these dates. The Council has the opportunity to use the funding to provide homes via its own developments, which includes the Florence Fields development currently under construction. This includes properties earmarked to be sold on the open market. Rather than this, some of these homes could be acquired at open market value and provided as affordable housing through the fund. This option mitigates the risk of not meeting the delivery timescales of the fund i.e. 31<sup>st</sup> March 2026.
- 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. The funding allocation is based on the expectation that 3 of the 8 units for

temporary accommodation will be 1 bedroom properties. This will respond to the Council's current temporary accommodation needs. The 4 resettlement properties for Afghan families are required to be 4-bedroom properties. However, officers are exploring with MHCLG whether large 3 bed properties could be delivered used to fulfil this requirement.

- 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 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 at Florence Fields development taking into account the above factors. If sufficient open market properties cannot be identified, consideration will be given to properties at Florence Field currently earmarked for the private rented sector. This approach will add an additional 12 properties to the affordable housing stock.
- 1.12 In order to accept the funding, the Council is required to sign a Memorandum of Understanding (MOU). MHCLG has indicated that the Memorandum of Understanding had to be signed by 16<sup>th</sup> September 2024. However, it has now been confirmed that the full allocation will be made available if the MOU is agreed shortly after the 16<sup>th</sup> September. The 1<sup>st</sup> tranche of funding (30% of the year 1 allocation) will be released shortly after entering into the MOU with the remaining allocation paid in 3 further tranches as properties are secured.
- 1.13 The Council has previously accepted funding from Central Government to deliver 29 affordable homes through rounds 1 and 2 of the Local Authority Housing Fund. Further background on the fund can be found within the cabinet reports from 8<sup>th</sup> February 2023 and 1<sup>st</sup> August 2023 and an update on delivery of these homes is contained in section 3 of this report.

## **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 for resettlement properties will be assured (lifetime) tenancies or fixed term tenancies. Temporary Accommodation properties will be let on licences.

- 2.3 Although 4 out of the 12 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 and assist with meeting housing pressures.

### **3. LAHF Rounds 1 and 2 Update**

- 3.1 The Council has previously accepted funding to deliver a total of 29 affordable homes through rounds 1 and 2 of the Local Authority Housing Fund. These homes intended to meet the needs of Ukrainian households fleeing conflict (14 homes), Afghan households on resettlement schemes (8 homes) and temporary accommodation (7 properties).
- 3.2 All 29 homes have been identified. As of 22<sup>nd</sup> August, 11 properties have been occupied, 8 properties are undergoing works following acquisition and terms have been agreed on the remaining 10 properties.
- 3.3 As part of the scheme, 8 Ukrainian Households at risk of homelessness have been housed although it is likely that these would have been housed through the housing register in any case.
- 3.4 Despite working closely with Norfolk County Council's Persons From Abroad Team, no Afghan families have been housed. This is due to a lack of nominations from the Home Office. MHCLG has agreed with the Council that homes acquired for Afghan Households can be used for general needs if no nominations are received on the basis that properties from the general needs stock will be provided if required. Therefore 3 properties acquired for eligible Afghan households have now been used for general needs.

### **4. Options Considered**

- 4.1 There are 3 options
- Option 1 - Accept the funding and deliver the properties in partnership with the Council's wholly owned Registered Provider, West Norfolk Housing Company
  - Option 2 - Accept the funding and seek to work with an alternative Registered Provider
  - Option 3 - Turn down the funding
- 4.2 **Option 1** - The Council can choose to accept the grant from MHCLG and work with West Norfolk Housing to provide the 12 affordable homes under the terms set out above or reject the grant. Subject to the agreement of West Norfolk Housing Company, homes could be acquired using grant funding from this fund along with debt financing

and any other appropriate funding streams. This aligns with West Norfolk Housing Company's emerging Business Plan.

- 4.3 Whilst the timescales required are challenging, the potential to work with West Norfolk Housing Company to acquire homes from the Council's developments provides a high level of certainty and control and gives confidence that the timescales can be met along with greater control over the future use of the units.
- 4.4 West Norfolk Housing have a track record of providing temporary accommodation and are committed to assisting the Council to meet its priorities in relation to homelessness and the provision of suitable temporary accommodation.
- 4.5 **Option 2** - Whilst there are a small number of Registered Providers operating in the borough which could potentially deliver the properties, the timescales and type of accommodation to be delivered under the fund are challenging. Additionally, this option would not provide the same level of certainty and control as working with West Norfolk Housing.
- 4.6 **Option 3** - 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 greater capital funding implications for the Council and reduce deliverability.
- 4.7 Option 1 is recommended as it provides the greatest certainty and control over delivery and being able to comply with the terms of the grant funding. It also secures above average levels of central government grant funding to increase the provision of affordable housing in the borough and help relieve homelessness pressures. This supports key objectives in the Council's existing Homelessness and Rough Sleeping Strategy 2019-2024 and the emerging strategy 2024-2029 ie increasing supply of affordable accommodation and reducing the use of Bed and Breakfast accommodation for homeless households.

## 5. Policy Implications

- 5.1 Due to the eligibility criteria for the fund, 4 of the homes must be allocated to eligible homeless Afghan households. On 27<sup>th</sup> 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.
- 5.2 It is proposed to extend this lettings plan to cover the 4 homes for Afghans funded through LAHF Round 3. In accordance with the

Council's Social Housing Allocations Policy, this will need to be approved by the West Norfolk Homechoice panel. The remaining 8 temporary accommodation properties will be used to accommodate homelessness households in accordance with Homelessness legislation.

## **6. Financial Implications**

- 6.1 It is estimated that the total cost of acquiring the 12 homes on the Florence Fields development will be £2.9 to £3.1m. Based on this, match funding of £1.2 to £1.4m will be required. Unlike previous rounds of the fund, there are no limits on the percentage of costs which can be covered by the grant.
- 6.2 The Affordable Housing Value of the 12 homes is estimated to be around £1.3 to 1.43m indicating that the scheme will provide good value for money as the affordable housing value is broadly in line with the match funding required.
- 6.3 Match funding could come from various sources including the following;
  - Borrowing by West Norfolk Housing Company covered by the rental income from the properties.
  - Other available sources of capital funding
  - Other funding sources related to Afghan resettlement.
- 6.4 West Norfolk Housing are in the process of agreeing financing arrangements with the Council which would enable to company to pay the market value of the properties using. If these arrangements are not in place prior to the delivery of the properties to be identified, the Council will consider deferring an element of the market value on the basis that the net rent received by the company is transferred to the council until full payment is made. Whilst this would result in a delay to the council receiving capital receipts for the properties, it is anticipated that the rental income would cover the Council's borrowing costs.
- 6.5 The 8 properties 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 8 units of temporary accommodation for families would provide more appropriate accommodation for homeless families and could save the council up to £105,000 per year in bed and breakfast costs. This supports one of the key objectives of the Council's emerging Homelessness and Rough Sleeping Strategy 2024-2029 (to reduce use of bed and breakfast accommodation).
- 6.6 The recommended option (Option 1) will not have a negative financial impact on the council's capital programme. As the units will either be

purchased by West Norfolk Housing Company at open market values or in the event that West Norfolk Housing Company finance arrangements are not in place as set out in paragraph 6.4, the net rent received will cover the Councils borrowing costs until full payment is made.

- 6.7 There are no additional revenue expenditure implications for the Council.

## **7. Personnel Implications**

None

## **8. Environmental Considerations**

- 8.1 Due to forthcoming regulations relating to energy efficiency, it is essential that homes acquired have EPC rating of C or above.

## **9. Statutory Considerations**

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

## **10. Equality Impact Assessment (EIA)**

- 10.1 Pre-screening report attached. Full EIA to follow.

## **11. Risk Management Implications**

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

- 11.1.1 The target date for completion is challenging and failure to deliver homes may lead to funding being clawed back. This can be mitigated by delivered homes through the councils' development.

The following are associated risks of not taking the funding

- 11.1.2 Risk of losing opportunity to add to affordable housing stock

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

- 11.1.4 Risk of not meeting wider housing and homelessness pressures

- 11.1.5 These would risk the increasing use of inappropriate and expensive temporary accommodation in particular bed and breakfast.

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

## **12. Declarations of Interest / Dispensations Granted**

Duncan Hall - Director of West Norfolk Housing Company

## **13. Background Papers**

Prospectus for Local Authority Housing Fund Round 3



[Local Authority Housing Fund: Round 3 prospectus and guidance - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672212/Local_Authority_Housing_Fund_Round_3_prospectus_and_guidance.pdf)  
([www.gov.uk](https://www.gov.uk))

**Appendix 1 - Pre-Screening Equality  
Impact Assessment**

Borough Council of  
**King's Lynn &  
West Norfolk**



Name of policy/service/function	Delivery of Affordable homes through Round 3 of the Local Authority Housing Fund				
Is this a new or existing policy/service/function?	Existing				
Brief summary/description of the main aims of the policy/service/function being screened.  Please state if this policy/service is rigidly constrained by statutory obligations	Delivery of 12 homes using grant allocation from Local Authority Housing Fund Round 3 to provide 8 properties for use as temporary accommodation and 4 properties for eligible Afghan households in line with eligibility criteria set by fund. The homes will help the council respond to increased homelessness pressures and will be used to meet the wider housing needs of the borough in the longer-term. Delivery of homes must be in accordance with the prospectus for the fund.				
<b>Question</b>	<b>Answer</b>				
<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 <b>according to their different protected characteristic</b>, 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			Y	
	Disability			Y	
	Gender			Y	
	Gender Re-assignment			Y	
	Marriage/civil partnership			Y	
	Pregnancy & maternity			Y	
	Race	Y			
	Religion or belief			Y	
	Sexual orientation			Y	
Other (eg low income)	Y				

Question	Answer	Comments
<p><b>2.</b> 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?</p>	Yes	<p>The delivery of 4 homes through the fund for eligible Afghan households could be seen as favoring these households over established local communities.</p>
<p><b>3.</b> Could this policy/service be perceived as impacting on communities differently?</p>	Yes	<p>Perception that this could negatively impact on established communities although not the case as homes would be delivered as affordable housing without the funding</p>
<p><b>4.</b> Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</p>	Yes	<p>To ensure that the Council fulfils its statutory duties in relation to homelessness.</p> <p>Aims to tackle disadvantage faced by Afghan households that have arrived in UK via resettlement schemes. Households may be at disadvantage when accessing housing due to difficulties in obtaining references and guarantors</p>
<p><b>5.</b> Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions?</p> <p>If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	<p><b>Actions:</b> N/A</p> <hr/> <p><b>Actions agreed by EWG member:</b></p> <p>.....</p>
<p><b>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:</b></p> <p>A full impact assessment will be undertaken in advance of the report being considered by Cabinet in September 2024.</p> <p><b>Decision agreed by EWG member: Charlotte Marriott.....</b></p>		
<p><b>Assessment completed by:</b></p> <p><b>Name</b></p>	<p><b>Karl Patterson</b></p>	
<p><b>Job title</b></p>	<p><b>Housing Development Manager</b></p>	
<p><b>Date</b></p>	<p><b>22<sup>nd</sup> August 2024</b></p>	