

Local Authority Housing Fund

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| Cabinet | 15 June 2023 |
| Report Author | Ashley Jackson, Housing Strategy and Projects Manager |
| Portfolio Holder | Cllr Helen Whitehead, Deputy Leader and Cabinet Member for Housing |
| Status | For Decision |
| Classification: | Unrestricted |
| Key Decision | Yes |
| Reasons for Key | Acquisition or disposal of land or property with a value of £750,000 or above |
| Ward: | All wards |

Executive Summary:

The Government allocated £1.19m of Local Authority Housing Fund (LAHF) grant to Thanet. The funding is to facilitate the purchase of nine properties to temporarily accommodate Ukrainian and Afghan refugees.

A Memorandum of Understanding was returned to the Department for Levelling Up, Housing and Communities (DLUHC) in March 2023 which registered the council's interest in the scheme. In order to utilise the grant it will be necessary to match fund the acquisitions with £1.996m of additional borrowing within the HRA capital programme. The properties must be purchased by 30th November 2023.

Recommendation(s):

Cabinet is being asked to:

1. Recommend to the full council that the £1.119m of grant and £1,996m HRA match funding is included in the HRA capital programme;
2. Agree to receive a further report to approve the expenditure and the acquisition of 9 homes.

Corporate Implications

Financial and Value for Money

The Council has considered the financial implications of the purchase of the 9 units. The Council will have on-going borrowing and maintenance costs that will be offset via the rental income generated from the purchased units.

The financial modelling undertaken has demonstrated that the HRA business plan will benefit from the proposed acquisitions.

Legal

The grant provided to the local authority is pursuant to section [31(3) and] 31(4) of the Local Government Act 2003, whereby the Secretary of State has determined that the grant will be paid subject to the condition in Annex B of the schedule.

The main condition of the grant is that it will only be used for the purposes that a capital receipt in accordance with regulations made under section 11 of the Local Government Act 2003.

<https://www.gov.uk/government/publications/local-authority-housing-fund/local-authority-housing-fund-grant-determination-capital-2022-23-316497>

The law states that Provided that the use of the property (or at least, that part of it which will be funded with subsidy) is regarded as the provision of social housing (as defined in s68 onwards of the Housing and Regeneration Act 2008), and expenditure is incurred on or after 15/03/2023, the transaction would be exempt from SDLT under s71 of the Finance Act 2003 which would be advantageous to the authority.

In addition to the above, the Council has a general power under section 1 of the Localism Act 2011 to do anything that an individual may generally do provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act. The council is therefore able to accept and receive the funds and utilise it in line with the government guidelines.

Risk Management

A summary of risks as follows -

| Risk | Seriousness | Likelihood | Preventative action |
|---|-------------|------------|--|
| The scheme cannot be delivered within resources available to the Council. | Medium | Low | The proposed resources are set out in section ** of this report. The grant funding from Government will cover 35-40% of the property acquisition costs. Once the final resource allocation has been determined this will need to be approved by council. |
| The Council is unable to acquire the properties within | Medium | Low | Officers will regularly review the local market to identify |

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| the agreed timeframe. | | | viable properties. |
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Corporate

This proposal supports the Council Corporate Statement 2019-2023 , Communities. Work to prevent homelessness and increase housing options including additional social housing.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

This report relates to the following aim of the equality duty: -

- To eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
- To advance equality of opportunity between people who share a protected characteristic and people who do not share it
- To foster good relations between people who share a protected characteristic and people who do not share it.

Corporate Priorities

This report relates to the following corporate priorities: -

- Communities

1.0 Introduction and Background

1.1 The Government has recently announced details of a national £500 million scheme to enable local authorities to purchase properties in their area to accommodate both Ukrainian and Afghan refugee households for an initial period of 3 years. The funding allocation was offered to 182 local authorities in England, who were deemed to have the greatest need for this funding.

1.2 Any properties acquired will form part of the Council's Housing Revenue Account and can subsequently be used to accommodate households from the Council's housing waiting list by providing a new and permanent supply of accommodation which will help to address local housing and homelessness pressures.

- 1.2 The fund is aimed to assist Local Authorities buy housing stock, build new homes, convert existing non-residential properties, refurbish dilapidated housing or empty homes and turn them into accommodation for families.
- 1.3 The Council is expected to match fund the balance of acquisitions costs through its own resources. It is proposed that the Council should utilise additional borrowing to grow the Council's Housing Revenue Account agreed Capital Programme.
- 1.4 Buying section 106 properties with this funding would not provide any net additional affordable housing units and therefore cannot be done as part of the LAHF programme.
- 1.5 Given the objectives of the fund, those eligible for the homes provided will be those who are homeless, at risk of homelessness or who live in unsuitable Temporary Accommodation (including bridging accommodation) and who also meet the below Definition:
- Afghan Citizen Resettlement Scheme (including eligible British Nationals under this scheme) (ACRS),
 - Afghan Relocations and Assistance Policy (ARAP),
 - Ukraine Family Scheme (UFS),
 - Homes for Ukraine (HFU),
 - Ukraine Extension Scheme (UES)
- 1.8 The Council is required to complete all the property purchases by 30th November 2023.

2.0 TDC Allocation

- 2.1 The Council has been allocated a provisional grant sum of £1.19 million to facilitate the purchase of nine homes in the districts. At least two of the homes are required to have 4 bedrooms. The remainder (up to 7 homes) are required to be 2 or 3 bedroom homes.
- 2.2 The council has signed the Memorandum of Understanding which registered our interest in the scheme. This allowed us time to see if there were units available which would be suitable. It would not have been possible to undertake refurbishments on dilapidated properties, purchase empty properties or purchase non-residential properties, due to such a short timescales for the grant funding.
- 2.3 Discussions have taken place with a local developer currently developing the Westwood Cross site to purchase 6 x 3 bed units and 3 x 4 bed units. The units will be an 'off the shelf' purchase with no refurbishments or adaptations needed. They are nearing completion and will be ready by the end of June 2023. The mix of units meets the requirements of the grant, as at least two are four bedroom homes.
- 2.4 Funding these purchases would require match funding from the council's HRA capital programme of £1.996m.
- 2.5 The impact of purchasing these properties has been considered against the HRA business plan taking into account forecast revenue costs of borrowing and other revenue costs against forecast rental income and this demonstrates that the

properties generate a surplus to the business plan by year 23. If borrowing rates fall by the time the Council needs to borrow £1.996m, then the surplus could be generated sooner.

3.0 Options

3.1 To agree to:

1. Recommend to the full council that the £1.119m of grant and £1,996m HRA match funding is included in the HRA capital programme;
2. Agree to receive a further report to approve the expenditure and the acquisition of 9 homes.

These recommendations will enable the council to participate in the Local Authority Housing Fund scheme and purchase 9 units for Affordable Housing, in line with the funding allocation from central government.

- #### **3.2**
- Alternatively Cabinet could decide to not participate in the Local Authority Housing Fund. This option is not recommended as it would require the council to advise the central government that we are unable to participate in the scheme and the allocated grant funding will not be taken up.

Contact Officer: Ashley Jackson, Housing Strategy & Projects Manager
Reporting to: *Bob Porter (Director of Place)*

Annex List

None

Background Papers

None

Corporate Consultation

Finance: *Clive Bowen (Finance Manager)*

Legal: Sameera Khan (Interim Head of Legal & Monitoring Officer)