

Agenda Item No:	14	
Committee:	Cabinet/Investment Board	
Date:	17th July 2023	
Report Title:	Local Authority Housing Fund 2 (LAHF)	

This item comprises EXEMPT INFORMATION at Appendix A which is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

Cover sheet:

1 Purpose / Summary

- 1.1 To consider an opportunity to receive a further tranche of grant money from the LAHF programme to purchase 5 homes as a resource to meet the Council's responsibilities with regard to housing Afghan refugees and as a lasting legacy resource to support meeting our wider homelessness duties.

2 Key Issues

- 2.1 On the 7th June 2023 the Council received notification from the Department of levelling Up, Housing & Communities (DLUHC) of a further allocation available to support the refugee crisis. Cabinet approved to receive the first allocation from this fund to purchase 9 homes at its meeting in February 2023 (Minute reference CAB68/22 refers).
- 2.2 For LAHF 2, capital grant funding (under section 31 of the Local Government Act 2003), has been offered to the Council with an indicative allocation of £559,990 in funding. The funding would need to purchase 5 properties. As with other affordable housing provision, DLUHC expect the Council to part fund or finance some of the required capital. Government funding equates to 40% of total capital costs plus £20,000 per property to account for other costs including refurbishment. The grant rate per property for the Council is £91,998 (based on median property prices in our area) plus £20,000 per property.
- 2.3 This is an improvement on the first LAHF round which based grant rates on lower quartile house prices in our district.
- 2.4 4 properties must be bought to support the Afghan refugee schemes. The 5th property for this fund can be used for core homelessness temporary accommodation to help ease pressure of the number of families in Bed and Breakfast accommodation.
- 2.5 The criteria for the 4 properties include an initial use to support the refugee crisis from Afghanistan but in the longer term will be a resource to support our wider homelessness objectives. Revenue support funding is also provided to help the Afghan families settle into a new area.

- 2.6 As with the first tranche the proposed delivery route is for FDC to purchase the properties as set out in confidential Appendix A. Match funding will either be provided through a loan from the Public Works Loan Board (PWLB), capital reserves or use of Section 106 funds secured for the delivery of affordable housing.
- 2.7 Delivery will help reduce the risk of additional temporary accommodation costs and provide an increased pool of properties to support meeting our homelessness objectives. To not receive it would mean that we would continue to have to meet our duties in relation to supporting the refugee crisis without having any additional property resource to facilitate the need.
- 2.8 To receive the funding the Council, need to have submitted a validation form by the 5th July. The Council submitted this and offered to receive a bigger allocation if there was funding not taken up by other Local Authorities. The additional request for funding was for up to 15 homes to be ringfenced for core homelessness temporary accommodation. It was submitted with a caveat that it was subject to Cabinet approval. The Council as with LAHF 1 will also need to sign the Memorandum of Understanding which will be sent to Council's in due course once the final allocation is known.
- 2.9 The properties need to be secured by 29th March 2024. The properties will be purchased outside of PE13 and PE14 post code areas ideally with easy access to the train route through Fenland i.e. March and Whittlesey.

3 Recommendations

3.1 Cabinet are recommended to:

- 3.1.1 Approve receipt of the LA Housing Fund 2 grant in the sum of £559,990 for the purposes described.
- Authorise entry into the prescribed Memorandum of Understanding with DLUHC delegated to the Monitoring Officer in Consultation with Investment Board; and
 - Fund the residual element for the 5 properties to be purchased, delegated to the Section 151 officer to determine in consultation with Investment Board Members and delegate purchase of individual properties to the S151 in consultation with Investment Board. Range of funding needed has been identified in the confidential Appendix A
 - Delegate acceptance of a further allocation from the LAHF fund if additional funding becomes available either through this funding round or future LAHF funding rounds to the Section 151 officer in consultation with the Investment Board, Portfolio Holder for Housing
 - Properties to be purchased outside PE13 and PE14 post code areas.

Wards Affected	All
Forward Plan Reference	

Portfolio Holder(s)	Councillor Sam, Hoy (Housing) Councillor Chris Boden (Investment Board) Councillor Ian Benney (Investment Board) Councillor Steve Tierney (Investment Board)
Report Originator(s)	Dan Horn – Assistant Director
Contact Officer(s)	Dan Horn – as above Carol Pilson – Corporate Director Peter Catchpole – Section 151 Amy Brown Assistant Director
Background Papers	Local Authority Housing Fund: Round 2 prospectus and guidance - GOV.UK (www.gov.uk) Guidance and criteria

3 REASONS FOR EXEMPTION

- 3.1 Appendix A is NOT FOR PUBLICATION in accordance with paragraph 2 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to financial modelling that is commercially sensitive about the approach to purchasing 5 properties. To publish it would mean that the Council's ability to secure best value could be compromised. The public interest test has been applied to the information contained within this exempt report and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

4 BACKGROUND AND INTENDED OUTCOMES

- 4.1 As per key issues section 2

5 REASONS FOR RECOMMENDATIONS

- 5.1 The grant secured means we can deliver housing that is financially prudent. See financial implications and confidential Appendix A.
- 5.2 It helps build an increase in available housing to meet our duties with regard to homelessness.
- 5.3 To not deliver the scheme places further pressure on the Council's emergency accommodation costs.

6 CONSULTATION

There is no formal consultation requirement in relation to this scheme however the proposals have been given detailed and appropriate consideration by officers and members to include debating and determining the recommendation comprised in this report.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 Alternative options for the Council included enabling a Registered Provider (RP) to deliver the scheme on behalf of the Council and not submitting a proposal to Government.
- 7.2 Although working with an RP was potentially viable it was felt that the Council had the opportunity to secure a resource directly to help build our assets to support homelessness in a financially prudent way to ease pressure on B&B costs and also reduce Housing Benefit subsidy penalties.
- 7.3 To not submit a proposal is seen as a false economy as to not increase available resource for homelessness increases the risk of additional costs for the Council in meeting its statutory duties.

8 IMPLICATIONS

8.1 Legal Implications

- 8.2 The constitution
- 8.3 Fenland District Council has a general power to acquire land and property under Section 120 of the Local Government Act 1972 and may also rely on section 1 of the Localism Act 2011 where the purchase relates to regeneration and economic/social benefits in the council's area.
- 8.4 Fenland District Council also has a general duty to act prudently when purchasing land. To that end, in addition to valuations, appropriate title checks and searches will take place before any final commitment is made to purchase the properties.
- 8.5 Stamp Duty Land Tax will be payable on completion of the purchases and arrangements will need to be made to ensure that the properties meet minimum EPC requirements for rental properties which may require some additional expenditure between the time of purchase and 2028 when all such properties must achieve a rating of C.

- 8.6 Paragraph 10 of Table 5 of Part 3 of the Constitution delegates authority to Cabinet Members to authorise the allocation of external funding awarded to the Council and entry into the associated financial and legal agreements valued at 500,001 and over.

9 Financial Implications

- 9.1 The Council has been advised that the initial grant available to the Council for LAHF 2 is:

- £559,990 for 5 properties.
- As with other affordable housing provision and LAHF round 1, DLUHC expect FDC to part fund or finance some of the required capital.
- The government funding equates to 40% of total capital costs.
- The first tranche of LAHF 2 (30% of the funding) provided by DLUHC will be paid in July/August and the second tranche of funding (70%) will be paid in October/December
- The second tranche of funding is paid once the LA has spent 60% of their first tranche of funding.

- 9.2 The Council needs to identify match funding for this. As properties are identified the source of the match funding will be considered looking at what is the most prudent to help deliver the project in the most commercially advantageous way. This includes:

- Existing capital reserves;
- Public Works Loan Board (PWLB);
- Other funding that the Council can legally use for such a purpose for example financial contributions in lieu of built units.

- 9.3 It is proposed to delegate to the Section 151 officer to determine in consultation with Investment Board Members the proposed match funding approach.

- 9.4 Confidential Appendix A sets out the appraisal that has been developed to explore the financial estimates.

- 9.5 The Council has expressed an interest in receiving a bigger allocation if further funding comes available.

9.6 Equality Implications

- 9.7 The proposal helps support meeting our obligations for housing as set out in the homelessness act.

- 9.8 The funding helps secure additional resource to meet obligations that the Council will face to rehouse refugees from Afghanistan and by receiving this funding this helps support having additional capacity available for all households presenting as homeless. It builds capacity in the system.

10 Timescale for delivery

- 10.1 The properties need to be secured by March 29 2024. The properties will be purchased outside of PE13 and PE14 post code areas ideally with easy access to the train route through Fenland i.e. March and Whittlesey.

11 SCHEDULES

- Appendix A – CONFIDENTIAL financial appraisal