

WEST NORTHAMPTONSHIRE COUNCIL

FULL COUNCIL

20 July 2023

CABINET MEMBER WITH RESPONSIBILITY FOR HOUSING, CULTURE AND LEISURE - COUNCILLOR ADAM BROWN

Report Title	Housing Acquisitions Programmes
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List of Approvers

Monitoring Officer	Catherine Whitehead	10/07/23
Chief Finance Officer (S.151)	James Smith	10/07/23
Other Director	Lisa Hyde (Interim Director of Communities & Opportunities)	11/07/23
Communications Lead/Head of Communications	Holly Skelton	10/07/23

1. Purpose of Report

To seek approval to increase the capital programme in the Housing Revenue Account for additional acquisitions, for the Council to directly procure properties in Local Authority Housing Fund Round 1 and participate in Round 2.

2. Executive Summary

- 2.1 The council will need to acquire some properties through the LAHF programme (both the initial round and the recently announced second round). Registered Provider partners were very willing to support the Council with delivery of the whole of this programme, but they have found it challenging to agree sales with developers in our area who are on-site building new properties. To achieve the LAHF programme targets it will be necessary for the Council to undertake some direct purchases from the open market. The total number of property acquisitions required for LAHF Round 1 is 30 and up to a further 10 for LAHF Round 2.
- 2.2 As outlined above, on 7 June 2023 the Department for Levelling Up and Housing and Communities (DLUHC) announced a second round of the LAHF (R2). This funding is to support local authorities to increase their stock of affordable housing, help house those on Afghan resettlement schemes currently in bridging accommodation and ease wider homelessness pressures in the local community. West Northamptonshire Council has been made an indicative LAHF Round 2 allocation of £1.32m.
- 2.3 The Council already has a budget for general acquisitions to meet local housing need. For the Council to complete additional acquisitions in the LAHF scheme approval for additional budget and an increase in the Housing Revenue Account capital programme will be required.

3. Recommendations

- 3.1 That Members agree to the recommendation of Cabinet to approve an increase in the capital programme of £10.907m additional funding/borrowing in the Housing Revenue Account to deliver the LAHF R1 and R2 programmes.

Reason for Recommendations

- 3.2 An increase to the capital programme is being requested to enable completion of LAHF R1 and LAHF R2 programmes within the required timeframes.
- 3.3 To deliver short term temporary accommodation and help to address local housing need in the medium/long term.
- 3.4 To ensure payback of borrowing within the business planning period.

4. Report Background

Increase in HRA Capital Programme

- 4.1 The Local Authority Housing Fund (LAHF) is a capital fund introduced by the Department for Levelling Up, Housing and Communities (DLUHC) supporting authorities in England to provide accommodation to families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes.
- 4.2 In January 2023, for LAHF R1 WNC was identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003) totalling £3.73m. The funding was allocated

specifically to obtain and refurbish 30 homes during 2023 for those unable to secure their own accommodation who are here under Ukrainian and Afghan resettlement schemes. The details of LAHF R1 were as follows:

- Main element: £2.59m for a minimum of 25 homes.
- Bridging element: £1.14m in funding for a minimum of 5 larger 4+ bedroom homes to be allocated to households currently residing in bridging accommodation.
- The funding includes £20k per property for refurbishment and other costs
- The total grant allocation is £3.73m.
- timescale for delivery of the programme is by 30 November 2023.

4.3 On 8 June 2023, WNC was informed that it had been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003) for LAHF R2 with an indicative allocation of £1.32m in funding. This second round of LAHF is additional support to councils to assist providing safe and suitable housing to those in the UK under resettlement scheme but also support local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty by local authorities. The funding is also intended to enable local authorities to grow their asset base, creating sustainable assets to help manage local housing pressures on an ongoing basis. The details of LAHF2 are as follows:

- Resettlement element: to provide a minimum of 7 homes.
- The Resettlement element of the scheme is for households who have arrived in the UK on the Afghan Citizen Resettlement Scheme (ACRS) and the Afghan Relocations and Assistance Policy (ARAP) and who are currently in bridging accommodation or who have left bridging hotels and are homeless, at risk of homelessness, or living in unsuitable temporary accommodation.
- Temporary Accommodation element: to provide a minimum of 3 homes.
- The Temporary Accommodation element of the scheme is to provide accommodation to those households owed a homeless duty by the local authority (this is likely to be local residents to whom a homeless duty is owed).
- The grant rate per property is £112k (based on median property prices in our area) plus £20k per property to account for other costs including refurbishment.

4.4 Key features of the schemes are:

- Support areas with housing pressures which have generously welcomed substantial numbers of people under the various resettlement schemes so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
- The funding mitigates the expected increased pressures on local authority homelessness and social housing resources which arise from resettlement schemes as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing to those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation.
- Reduces costs to local authorities on emergency/temporary accommodation.
- Deliver accommodation that as far as possible will convert into general needs housing to support wider local authority housing and homelessness responsibilities to local residents (UK nationals) e.g. after usage by this cohort ends.
- In the longer term helps to build a sustainable stock of affordable housing to meet local housing need.

- Mitigate the impact of resettlement schemes on the existing housing and homelessness systems and those waiting for social housing.

4.5 Under the schemes between 40% and 50% capital funding is provided towards property purchases. Therefore, either the Council or Registered Provider (RP) partners will need to identify between 50% and 60% match capital funding to support this programme.

4.6 Registered Provider partners were very willing to support the Council with delivery with LAHF R1 and R2 but their ability to do so is dependent on having suitable empty/dilapidated properties in their stock to bring back into use, opportunities to remodel defunct specialist accommodation, ability to ‘flip’ forthcoming shared ownership units into rented accommodation and agreeing sales with developers in our area who are on-site and building new properties. It is unlikely that RP partners will be able to support the whole 40 unit programme and that they will only be able to deliver a part of the programme with the remainder delivered by the council.

5. Issues and Choices

Increase in HRA Capital Programme

5.1 WNC could choose to not draw down the LAHF R1 and R2 monies but this would lead to additional revenue spend and pressure on budgets in relation to procurement of temporary accommodation to house those who have arrived in the area through resettlement programmes and are threatened with or have become homeless. Also, this would mean WNC would be declining funds being made available to help mitigate the impact of resettlement schemes on the existing housing and homelessness systems and those waiting for social housing and for additional affordable homes that in the medium to long term will be available to meet local housing needs.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There is a requirement to increase the HRA capital programme for 2023-24 to cover the full delivery of the LAHF1 and LAHF 2 schemes. This increase is to be part funded by LAHF grant and further HRA borrowing. To cover the budgeted cost of full delivery it is recommended that the HRA capital programme be increased by up to £10.907m to enable council officers to start immediately to acquire the properties already identified. This is necessary to ensure that we have the best chance of delivering these schemes. The Indicative breakdown of the £10.907m and the financing is summarised in the table below:

Acquisitions	Total
Increase in Budget Needed	£10.907m
Funded by:	
LAHF Grant	£5.051m
HRA Borrowing	£5.856m

6.1.2 The increase in the capital programme would be financed by LAHF grant (scheme 1 and 2) of approximately £5.051m with the balance of £5.856m by HRA borrowing. The individual acquisition purchase ceilings have been calculated using the financial appraisal tool which delivers a breakeven point over the 40-year HRA business planning period. Properties acquired up to these ceilings will generate revenues to payback the borrowing over the life of the business plan. This additional borrowing will cost the HRA revenue account approximately £270k per annum.

6.2 Legal

The proposal is variation to the budget set by Council in February 2023 and therefore although the decision sits with Cabinet the additional budget allocation requires the approval of Council.

6.3 Risk

6.3.1 Funding for this programme and progress against budgets will be closely monitored by Capital Assets Board on a regular basis and Cabinet through budget monitoring reports should the council need to make some acquisitions and therefore use some council resources.

6.4 Consultation and Communications

7.4.1 No formal consultation has been undertaken or is required on this proposal. The Council would be able to communicate that it is increasing its housing stock and reducing pressures relating to homelessness and temporary accommodation costs.

6.5 Consideration by Overview and Scrutiny

6.5.1 None.

6.6 Climate Impact

6.6.1 None.

6.7 Community Impact

6.7.1 The LAHF acquisitions will be in localities where there is a good level of service provision including shops and public transport links and existing community hub activities focused on resettlement.

7. Background Papers

8.1 None