



**COMMITTEE TITLE: Health Housing and Community Committee**

**DATE: 19<sup>th</sup> June 2023**

<b>REPORT TITLE:</b>	Local Authority Housing Fund update
<b>REPORT OF:</b>	Julian Higson, Housing Director

### **REPORT SUMMARY**

This report provides an update to Members on progress delivering the Council's commitments under the Department for Levelling Up Housing and Community Local Authority Housing Fund (LAHF) scheme.

Under the scheme Brentwood Council has committed to providing nine homes in total. These are to be used initially to provide housing for Afghan and Ukrainian refugee households.

### **SUPPORTING INFORMATION**

1.0 In December 2022 the Government announced a new nationwide housing fund to provide homes for Afghan and Ukrainian refugees. The LAHF scheme made £500 million available to local authorities in the form of capital grants

1.1 Unlike other DLUHC grant programmes, the LAHF is not a bidding round. Councils were allocated funds to provide a specific number of homes according to government assessed need. Councils were asked to give a commitment to procuring the housing. Brentwood was asked to deliver nine homes in total, to be comprised of eight homes under what is known as the "main element" of the scheme, and one four-bedroom (or larger) home under the "bridging element" of the scheme. The bridging element is specifically aimed at refugee families currently occupying bridging hotels.

1.2 The Council's grant allocation in total is £1,671,953. DLUHC assesses this as covering 40% of the total cost of main element homes and 50% of the cost of bridging element homes, plus an additional £20,000 per home to cover any refurbishment expenses. The Council is expected to meet the residual cost of the homes. In Brentwood's case we intend to do this via borrowing within the Housing Revenue Account.

- 1.3 Once purchased the homes are to be matched to qualifying refugee households. These can either be households already known to the Council (ie through Housing Options or Community Services), or alternatively via referrals from the County Council or Home Office Regional Hubs. DLUHC requirements are for rents to be below market rates, although the Department is flexible about what rent product each Council wishes to charge.
- 1.4 The properties will be owned by the Council. DLUHC expects initial (and potentially some subsequent) lettings to be to refugee households. In the longer term, once no longer required for the specific refugee cohorts Councils will be able to use the properties as they see fit, providing rent remains below market rates. This could include social housing, temporary accommodation or affordable move-on housing.
- 1.5 DLUHC has allowed flexibility in how the LAHF homes are delivered. Options include Council new build, new build through a registered provider, purchase of existing market homes, purchase of market new build homes, or provision of modular homes. Brentwood Council is opting to procure all nine homes in our LAHF allocation through market purchases, either of existing or new build homes. This is mainly due to the short deadline imposed by DLUHC for completion (November 2023), but also so that it does not complicate or disrupt the Councils existing SHDP new build programme.
- 1.6 The Council undertook due diligence prior to agreeing to deliver its LAHF allocation. This included detailed viability assessments through ARK. These show that over a standard 40-year assessment period the new homes will deliver an overall return to the HRA, as measured by Net Present Value (NPV). This is projected to be £623,700 after 40 years. An assessment of HRA borrowing capacity for the LAHF was conducted by Housing Finance Associates. This found that the borrowing could be accommodated within existing HRA capacity and will make a small improvement to HRA peak debt projections and to interest cover performance.
- 1.7 Approval to submit a detailed expression of interest and subsequent Memorandum of Understanding to DLUHC was obtained from the Leader of the Council and Housing Committee Chair (due to tight government deadlines submission dates fell outside Housing Committee meeting dates). A signed MoU was received by DLUHC on 15<sup>th</sup> March 2023. The first tranche of capital funding was given to the Council on 31<sup>st</sup> March 2023.
- 1.8 The Council has set up a small team to deliver the LAHF homes, sponsored by the Housing Director and reporting to the SHDP Programme Board so as not to duplicate governance structures. The delivery team comprises officers from Housing Regeneration, Housing Needs, Asset Management, and Legal Services.

1.9 As of the time of writing this report, the Council has made one successful offer on a four-bedroom house and is conducting viewings on several other properties. All are within the Borough. The Council is optimistic that all nine LAHF homes can be successful procured, renovated (where necessary), and occupied.

1.10 Through the MoU that Council has agreed to providing regular monitoring and spend information to DLUHC. To date, all monitoring target dates have been met to the satisfaction of the Department.

## **2.0 OTHER OPTIONS CONSIDERED**

2.1 Consideration was given to not submitting an expression of interest to DLUHC and therefore not participating in the LAHF programme. The Council's Corporate Leadership Team and Housing Committee Chair felt that the LAHF helped the Council to enhance its role in helping with the refugee crisis. Given that the scheme is financially viable, it was decided to pursue an LAHF submission.

## **3.0 BACKGROUND INFORMATION**

3.1 Full details of the Government's LAHF scheme can be found at [Local Authority Housing Fund - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

## **4.0 FINANCIAL IMPLICATIONS**

**Name & Title: Tim Willis, Director – Resources & Section 151 Officer**  
**Tel & Email : 01277 312500 / tim.willis@brentwood.rochford.gov.uk**

4.1 The Council's Finance Team reviewed all viability assessments and borrowing implications prior to submission for the formal Memorandum of Understanding with the Government. The Council's LAHF programme offers long term value for money and should provide a positive NPV after the standard 40 year period.

## **5.0 LEGAL IMPLICATIONS**

**Name & Title: Claire Mayhew, Joint Director of People and Governance & Monitoring Officer**  
**Tel & Email: 01277 312741 /claire.mayhew@brentwood.gov.uk**

5.1 The legal implications were reviewed and agreed by Andrew Hunkin former Director, prior to submission to DLUHC. The MoU offers flexibility on both sides. The Council has agreed to provide data to DLUHC on an ongoing basis, which it is complying with.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 There are no additional resource implications in delivery of the LAHF programme.

## **7.0 RELEVANT RISKS**

7.1 There is a risk of non-delivery of the total programme which would result in the Council returning unspent grant to the government. However, the Council would be allowed to keep any sums already spent on completed homes. The risk is being actively mitigated through the programme governance arrangements that are in place.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 None required or possible due to the nature of the programme.

## **9.0 EQUALITY & HEALTH IMPLICATIONS**

**Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health**

**Tel & Email : 01277 312500 / kim.anderson@brentwood.gov.uk**

9.1 The LAHF programme will help the Council to achieve its Equalities Act commitments. Providing good quality settled homes is proven to have positive health impacts for households that have been living in poor quality and/or overcrowded homes.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

**Name & Title: Phil Drane, Director - Place**

**Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk**

10.1 None

### **REPORT AUTHOR:**

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**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>None</b>	