

Subject:	PROVISION OF AFFORDABLE HOUSING FOR AFGHAN REFUGEES AND GENERAL NEEDS INTERIM HOUSING VIA LOCAL AUTHORITY HOUSING FUND – ROUND 2
Date:	10 July 2023
Decision to be taken by:	Councillor Pam Brivio, Portfolio Holder for Housing, Skills and Education
Report of:	Helen Lamb, Head of Finance and Investment
Portfolio Holder:	Councillor Pam Brivio, Portfolio Holder for Housing, Skills and Education
Decision Type:	Executive Key Decision
Delegated Authority:	Paragraph 12 (General Responsibilities Delegated to all Members of the Executive) of Section 3C (Responsibility for Executive Functions) of Part 3 (Responsibility for Functions) of the Constitution
Classification:	Unrestricted

Purpose of the report: To acquire three properties for affordable rent for Afghan refugees and three properties for general needs temporary accommodation, utilising the Government’s Local Authority Housing Fund.

Recommendation:

1. That the Portfolio Holder for Housing, Skills and Education approves a project to acquire, and where necessary refurbish, six properties for affordable rent and temporary accommodation, under the terms of the Local Authority Housing Fund programme.
 2. That the Portfolio Holder for Housing, Skills and Education authorises the Head of Finance and Investment (in consultation with the Portfolio Holder) to take the necessary decisions and actions to progress the project and purchase the properties including (but not limited to) accepting grant funding from the Local Authority Housing Fund Round 2; entering into a Memorandum of Understanding with the Department for Levelling Up, Housing and Communities; agreeing the purchase price; approving the sale purchase agreements; appointing any necessary professional advisers; and agreeing works to bring the properties up to lettable standards.
 3. To determine that, in the opinion of the decision-maker, this decision is an urgent one and the Chairman of the Council should therefore be requested to suspend call-in.
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1. Summary

- 1.1 On 7 June 2023, the Government launched round 2 of the Local Authority Housing Fund to help local authorities (LAs) to house people who are currently housed in bridging hotels.
- 1.2 Dover has provisionally been identified as eligible for capital grant funding for round 2 of the scheme (under section 31 of the Local Government Act 2003), with an offer of funding of £840,000 to provide funding towards the purchase of six properties for the scheme. Three of these properties would be to house eligible families via the Afghan Relocations and Assistance Policy. The remaining three properties would be for general needs Temporary Accommodation.

2. Introduction and Background

- 2.1 In December 2022, Dover District Council (DDC) was awarded £1,189,866 via round 1 of the Local Authority Housing Fund (LAHF), to assist in the provision of ten homes to house people fleeing conflict – predominantly from Ukraine and Afghanistan. These homes are in the process of being acquired by the Council.
- 2.2 On 7 June 2023, the Council received notification from the Department for Levelling Up, Housing and Communities (DLUHC) that DDC had provisionally been identified as eligible for an additional £840,000 capital grant funding for round 2 of the LAHF (under section 31 of the Local Government Act 2003),
- 2.3 As with round 1 funding, the grant rate will be 40% of the total cost, but in this round the maximum grant has increased from £87,000 to £120,000 plus a further £20,000 per property towards costs of repairs and refurbishment, as in round 1. The funding will be paid in 2 tranches In July and October 2023.

	Tranche 1 allocation	Tranche 2 allocation	Total grant
Total funding	£252,000	£588,000	£840,000

- 2.4 The prospectus for the Fund is attached at Appendix 1.
- 2.5 As in round 1, properties provided can be new build, refurbished existing properties, or the Council can use other organisations to provide the properties. Viability appraisals have not yet been carried out, but as for Round 1 it could reasonably be expected that they will again demonstrate that the delivery route, with the least risk to the Council, is via purchase and repair (P+R) – where existing properties are purchased and refurbished to meet lettable standards.
- 2.6 Properties may be let at Affordable Rents or Social Rents, and a Local Lettings Policy may be put in place to match eligible households and meet local needs.
- 2.7 Three of the properties will be for Afghan families leaving bridging accommodation. Three of the properties will be for general needs Temporary Accommodation.
- 2.8 Council has approved the establishment of a team within DDC to provide support to refugees. This team will be funded by support funding available from central government.
- 2.9 The Interim Accommodation will be managed in the usual way, via the dedicated Interim Housing Team, and an enhanced management fee will be charged via a service charge to reflect the additional support provided.

3. Identification of Options

3.1 Option 1 - Accept LAHF offer. Accept funding from DLUHC to acquire six new homes. DDC to finance the remaining purchase costs, allocate and manage the properties and provide support.

3.2 Option 2 - Refuse LAHF offer.

4. **Evaluation of Options**

4.1 **Option 1 - Accept offer** This gives the Council the opportunity to receive funding to deliver new homes at a higher funding level than usual. The homes will be:

- 3 x larger homes for people in Bridging Hotels under the ARAP scheme. Once no longer required for this purpose, they can go into the HRA stock for general needs housing or be sold and the grant recycled.
- 3 x family accommodation for general needs TA.

The amount of capital funding offered is sufficient to acquire the properties in line with the usual DDC financial parameters. The shortfall in development costs could be adequately covered by borrowing over 40 years, serviced by the rental income.

There is no revenue funding offered as part of the programme, but this will be applied for separately via the usual routes for funding support for refugees.

This is the recommended option.

4.2 **Option 2 - Refuse offer** The opportunity to receive funding to add to the housing stock would be lost.

This option is not recommended.

5. **Resource Implications**

5.1 A viability appraisal has been completed, using standard Council assumptions in relation to project costs, and taking into consideration the current availability and cost of suitable properties on the open market.

5.2 This appraisal will be updated in real time, based on actual costs over the life of the project to ensure the project remains within acceptable viability parameters.

5.3 The overall funding offered is £840,000. This is capital funding only and it cannot be combined with Affordable Housing Programme funding or Retained Right to Buy receipts.

5.4 The funding is provided to purchase three "2 or 3 bed" houses and three larger houses. The average price of these houses (including any remedial works, purchase fees, etc) is £284,676 and the average funding is £140,000 per house or 49% of the cost. The capital funding therefore provides a higher percentage of the total cost than would be allowed when spending Right to Buy receipts and is also a higher percentage than would usually be received from Homes England for schemes that they support.

5.5 The amount of capital funding offered is insufficient to acquire the properties outright, but the shortfall can be adequately covered by borrowing (an estimated average of £144,675 per property) over 40 years, serviced by the rental income of circa £49,465 pa.

5.6 Rents charged will be affordable rent (capped at LHA rates) for the properties for people leaving bridging accommodation, and social rent for the TA properties, in order that the enhanced management fee can be charged.

6. **Climate Change and Environmental Implications**

6.1 The properties purchased will be existing properties, and where necessary works will be carried out to improve the energy performance and thermal efficiency of the buildings.

7. **Corporate Implications**

7.1 Comment from the Director of Finance: Members are reminded that the Council's revenue and capital resources are under pressure and so they will wish to assure themselves that all proposals progress the Council's priorities, are the best option available and will deliver value for money (AC)

7.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. (HR)

7.3 Comment from the Equalities Officer: This report relating to the acquirement of 6 properties for affordable rent and temporary accommodation, under the terms of the Local Authority Housing Fund programme does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>. (KMc)

8. **Appendices**

8.1 Appendix 1 – Local Authority Housing Fund Round 2 Prospectus

8.2 Appendix 2 – Cabinet Report – 6 March 2023 PROVISION OF INTERIM HOUSING FOR UKRAINIAN AND AFGHAN REFUGEES VIA THE GOVERNMENT'S LOCAL AUTHORITY HOUSING FUND.

9. **Background papers**

Cabinet Report – 6 March 2023 PROVISION OF INTERIM HOUSING FOR UKRAINIAN AND AFGHAN REFUGEES VIA THE GOVERNMENT'S LOCAL AUTHORITY HOUSING FUND.

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