



## EXECUTIVE 17<sup>th</sup> August 2023

<b>Report Title</b>	<b>Local Authority Housing Fund - Round 2 Funding (Resettlement &amp; Temporary Accommodation)</b>
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<b>Lead Member</b>	Councillor Mark Rowley, Executive Member for Housing, Communities and Levelling-Up

<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Are there public sector equality duty implications?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972</b>	

### List of Appendices

None

### **1. Purpose of Report**

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- 1.1. To seek approval to enter into an agreement with the Department for Levelling Up Housing and Communities to acquire 11 homes during 2023-2024 to deliver additional housing for those on Afghan resettlement schemes and ease wider homelessness pressures.
- 1.2. To seek approval to accelerate the capital programme from 2024/25 and 2025/26 into 2023/24 for the homelessness prevention capital programme to enable North Northamptonshire Council to provide the required match funding against the central government grant (Local Authority Housing Fund Round 2) for this programme.

## **2. Executive Summary**

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- 2.1 On 7<sup>th</sup> June 2023 the Department for Levelling Up Housing and Communities (DLUHC) announced the Local Authority Housing Fund Round 2. This supports the Government's humanitarian obligations to provide safe and suitable housing to those fleeing their country.
- 2.2 An allocation of this funding has been offered to North Northamptonshire Council to deliver an additional 11 homes for the eligible cohort during 2023/24.
- 2.3 The Council will need to identify 60% match capital funding to support this programme.
- 2.4 It is proposed that the Council commits to this programme to alleviate increasing demand on homelessness and temporary accommodation services and to assist refugees who have arrived in the area to move on from bridging hotels or sponsor placements, and that the Council delivers it through a property acquisitions programme.

## **3. Recommendations**

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- 3.1 It is recommended that the Executive:
  - a) Approves that the Council enters into an agreement with the Department for Levelling Up Housing and Communities (DLUHC) to acquire 11 homes during 2023-2024 to deliver additional housing for families in temporary accommodation and Afghan resettlement schemes.
  - b) Approves the proposal to accelerate the capital programme from 2024/25 and 2025/26 into 2023/24 for the homelessness prevention capital programme, to enable North Northamptonshire Council to provide the required match funding against the central government grant for this programme.
  - c) Delegates authority to the Executive Member for Housing, Communities and Levelling Up in consultation with the Executive Director for Adults, Health Partnerships and Housing to take any decisions and actions necessary to complete the programme.
- 3.2 Reasons for Recommendations:
  - Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities.
  - Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to families owed homelessness duties by the Council.

- Reduce emergency, temporary and bridging accommodation costs.
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.
- To increase the overall supply of affordable rented housing available in North Northamptonshire, which meets the corporate objective of enabling safe and thriving places.

### 3.3 Alternative Options Considered

- Do nothing – if the Council does not participate in this programme, it will not receive the funding allocation and the challenge of finding onward settled accommodation for refugees will remain. This challenge is already putting pressure on stretched homelessness services. Those refugees who present as homeless are still owed a statutory homelessness duty by the Council and need to be placed in costly nightly paid temporary accommodation and then progressed through Keyways on to the housing register.
- Commit to delivering a smaller number of homes – whilst this may be easier to achieve, the government grant allocation will reduce proportionately and less homes will be acquired into our temporary accommodation stock. Ultimately fewer additional homes will be available to the Council to use as affordable housing for our residents in the longer term.

## 4. Report Background

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- 4.1 Since the Afghan Resettlement Programme was launched in the autumn of 2021 and the Homes for Ukraine Programme in March 2022, Local Authorities, including North Northamptonshire Council, have struggled to move refugees out of bridging hotels or on from sponsorship placements into settled accommodation in the private rented sector.
- 4.2 For the Afghan refugees in bridging hotels this is largely due to the size of the families and the shortage of supply of larger, four bed plus, family homes in the private rented sector. The Council initially committed to resettling ten Afghan families from the bridging hotels into the private rented sector and to date have settled nine, with a further property identified awaiting a family to be matched to it.
- 4.3 For Ukrainian refugees in sponsor placements with local families, or who have entered through the Family Scheme, where placements have broken down or come to the end of the initial sponsorship period, barriers to move on into private rented accommodation have been identified due to affordability and availability.

- 4.4 Where sponsor placements have ended and Ukrainian refugees have presented as homeless, the Council's statutory homelessness duty must be discharged which has meant placing refugees in costly nightly paid temporary accommodation. Although these costs are met by government grants from the Homes for Ukraine programme, placing refugee families who have fled war into short term temporary accommodation is far from ideal. It also places additional pressure on an already stretched homelessness and temporary accommodation services and ultimately increased demand on our housing register and allocations to social housing through Keyways. This in turn impacts on residents who are awaiting social housing.
- 4.5 Officers, alongside colleagues from other Local Authorities across the country, have consistently highlighted these issues to the DLUHC and have sought government guidance and action to aid the provision of onward settled accommodation for refugees.
- 4.6 Since the scheme was launched in mid-March 2022, and as of 7<sup>th</sup> July 2023, the Council has supported 604 Ukrainian guests and 386 sponsor households under the Homes for Ukraine Scheme.
- 4.7 There are currently 283 guests remaining in sponsor placements, others have either moved out of area, returned to Ukraine, have made their own arrangements or have been supported to move into the private rented sector (321 guests).
- 4.8 Local Authority Housing Fund (LAHF) Round 1 was announced on 22<sup>nd</sup> December 2022. It confirmed DLUHC were introducing a £500 million capital fund to support the local authorities who would be facing the greatest challenges in providing move on and settled accommodation for these cohorts.
- 4.9 The Council was identified as eligible for LAHF capital grant funding (under section 31 of the Local Government Act 2003), with the following indicative allocation:
- Main element for Ukrainian refugees: £2,424,500. With this funding the Council is expected to provide a minimum of 26 homes
  - Bridging element for Afghan refugees: £809,000. With this funding the Council is expected to provide a minimum of 4 larger 4+ bed homes to be allocated to households currently residing in bridging accommodation.
  - The funding includes £20,000 per property for refurbishment.
  - The total grant allocation is £3,234,384.
- 4.10 The total project cost is estimated at £6.965m. The total grant funding for LAHF Round 1 from DLUHC is £3.234m, which required a match capital funding from the Council of £3.711m.
- 4.11 The purpose of the funding is to:

- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route to those fleeing conflict, provide sufficient longer-term accommodation to those they support.
- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
- Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort 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.
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible refugees.
- Reduce emergency, temporary and bridging accommodation costs.
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to local residents (UK nationals) e.g. after usage by this cohort ends.
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

4.12 As of 7<sup>th</sup> July 2023, the Council has had offers accepted on 17 of the 30 required properties for LAHF Round 1. Five of which have legally exchanged and three of those have now completed. Legal proceedings are underway on the other 12 under offer and we are continuing to actively seek out further properties to secure the remaining 13.

4.13 In March 2023 the Government announced a further additional £250m Local Authority Housing Fund (Round 2) to continue to support councils across England, thus reducing the impact of new arrivals on existing housing pressures and eventually providing a new and permanent supply of accommodation for local communities.

4.14 Although DHLUC are once again, providing flexibility to local authorities to shape local delivery according to local circumstances, there is an assumption that most delivery will be via stock acquisition. Due to the limited timescales provided to complete the acquisitions, a mixture of new build and open market purchases will be key to delivering the units within the set timescales. The funding can be used for refurbishment or conversion of buildings, acquiring new build properties from developers, building new homes, or passing on the funding to enable housing association delivery.

4.15 As a condition of receiving this funding, local authorities are expected to deliver accommodation for Afghan refugees in bridging accommodation and to increase general temporary accommodation supply.

- 4.16 Under Round 2 the Council has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with the following indicative allocation:
- The Resettlement element: the Council is expected to provide a minimum of nine homes.
  - The Temporary Accommodation element: the Council is expected to provide a minimum of two homes.
  - The funding includes £20,000 per property for refurbishment.
  - The total grant allocation is £1,298,000.
- 4.17 The Council is expected to part match fund 60% of the required capital. The government funding equates to 40% of total capital costs.
- 4.18 This programme needs to be delivered at pace given the requirement to deliver the additional homes during 2023/24. The Council has made an initial indication to DLUHC, which was required by 5<sup>th</sup> July 2023, to acquire the full allocation of 11 homes through this programme.
- 4.19 Properties will be sourced directly from developers and from the open market by searching listed properties for sale. The Council will also take the opportunity to buy back any suitable ex Right to Buy properties which are subject to a right of first refusal by the Council and will liaise with Registered Housing Providers with stock in the area to identify any properties they are looking to dispose of.
- 4.20 Purchases will be focussed in the main towns of Corby, Kettering, Rushden and Wellingborough as these locations offer greater choice, access to facilities and services and are better connected to local public transport networks, which our refugee guests have reported is really important to them.
- 4.21 The Council has a track record of delivering similar projects, having acquired approximately 80 properties in the past for temporary accommodation and through projects such as the Rough Sleeper Accommodation Programme which is currently being delivered with government and local authority capital funding in a similar way to this new programme.
- 4.22 The grant amount per property is considered sufficient to purchase freehold properties on the open market and/or ready to complete new builds from developers. As the lower quartile average house price assumed includes the whole of North Northamptonshire, we are confident that we can source properties within the allocated budget by focussing on the areas of the local authority where house prices are lower. If new builds are acquired, they will be on top of any current Section 106 allocations of affordable homes by developer.
- 4.23 The proposed approach is acquisitions through the General Fund into the temporary accommodation stock, rather than through the Housing Revenue Account (HRA) because the borrowing costs would put too much pressure on the HRA in the short to medium term, and the burden would therefore fall on the existing NNC tenants. Although guidance indicates homelessness applications are not necessary for refugees to be allocated accommodation

procured under LAHF, in the interim and pending an agreed approach to allocation the units and provide a suitable occupation agreement, households will be allocated properties via the homelessness route (Part VII Housing Act 1996 as amended).

- 4.24 Placing Afghan/Ukrainian households at risk of homelessness in these homes within the temporary accommodation stock held in the General Fund will mitigate the potential concern that they would otherwise be gaining preference over our residents on the housing register if these homes were acquired immediately into HRA housing stock. These properties will also be let on shorter term tenancies outside of homelessness and TA caseloads. To ensure the stock is available at a later date for residents on our waiting list. Teams will consider which of the LAHF acquisitions might be needed to be retained for temporary accommodation in the long term and which might be transferred to the HRA at a future date.
- 4.25 A plan will be developed in due course to transfer LAHF acquisitions into the HRA housing stock, subject to compliance with the relevant regulations and the Disposal's policy, governing such transfer.
- 4.26 Rents will be at market rents capped at Local Housing Allowance (LHA) rates to enable the success of these tenancies. Residents in temporary accommodation cannot be offered secure tenancies but will be offered the most appropriate short-term tenancy in the first instance. Ukrainian guests only have leave to remain in the UK for a maximum of 3 years under the current resettlement programmes.
- 4.27 The Local Authority will need to recruit additional staffing resources, funded through capital, to deliver this programme within the tight timescales, without having a significant impact on other elements of service delivery.
- 4.28 The unit types required to meet our resettlement population has been modelled. This has been identified as; 2 x 1 bed for the TA element and a mix of 2,3 and 4 beds for the resettlement element.
- 4.29 Any refurbishment / voids work to prepare the properties for let will be contracted out to keep the programme separate from the work of the in-house depots funded by the HRA.
- 4.30 Subject to Executive approving the recommendations in this report, North Northamptonshire Council needs to make a formal commitment via a Memorandum of Understanding with DLUHC by 15<sup>th</sup> September 2023.

## **5. Issues and Choices**

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- 5.1 Several options were considered in formulating the recommendations contained within this report.

- 5.2 If North Northamptonshire Council does not commit to the LAHF R2 programme, this would mean the Council would not be awarded any of the grant funding and would continue to place additional pressure on its homelessness and temporary accommodation services, resulting in the use of high cost nightly paid accommodation which is already in short supply for people requiring temporary accommodation. Ultimately it will result in increased pressure on the housing register at a time when demand for social housing is at its highest.
- 5.3 Committing to delivering a smaller number of properties was also considered. However, the grant funding would be reduced in proportion to the commitment made. If less homes are delivered for the bridging element, the Council's homelessness and temporary accommodation services will face the pressure of any presenting families.
- 5.4 In addition, an assessment of the local housing market has indicated there is enough properties on the market to enable us to meet our allocated numbers, of 11 properties.
- 5.5 Building new properties to add to the Council's housing stock is not achievable in the required timeframes as new development, from identification of land through to completion usually takes at least three years.
- 5.6 Acquiring the properties into the HRA has also been considered but has been discounted at this time due to the increased borrowing costs which will put undue pressure on the HRA in the short term, potentially placing a negative impact on existing Council tenants.

## **6. Next Steps**

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- 6.1 If approval is given by the Executive, the Section 151 Officer will formally commit the Council to the programme by signing a Memorandum of Understanding with DLUHC.
- 6.2 The conveyancing process takes an average of 12-16 weeks for properties purchased on the open market, so it is expected that all 11 properties will be completed during the 2023-2024 financial year, with as many as possible being complete by March 2024 which is the ask from DHLUC.
- 6.3 Contact will be made with developers locally in the first instance to assess if there are any newbuild properties close to completion which would enable a swift purchase.



## **7. Implications (including financial implications)**

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### **7.1 Resources, Financial and Transformation**

- 7.1.1 The total project costs are estimated at £3,245,000. The total indicative grant funding from DLUHC (subject to final validation) is £1,298m, requiring a match capital funding from the Council of £1,947m.
- 7.1.2 There is an existing capital programme for Homelessness Prevention, the total capital budget available for 2022/23 is £5.1m, with a further £3m included in the Medium-Term Financial Plan 2023/24 – 2025/26, giving a total budget of £8.1m, which was to be fully funded by borrowing. This budget will be utilized to provide the match funding required from the council of £3.711m, together with the increase in budget of £3.234m to reflect the grant funding allocation.
- 7.1.3 The LAHF funding cannot be combined with Right to Buy Receipts or other funding streams for affordable housing.
- 7.1.4 The project will be delivered in-house by the Housing Enabling and Development team with support from legal, finance and property colleagues. The allocation of the properties will be managed by the Homelessness and Housing Options service in conjunction with the Refugee Resettlement team. Additional staff resource will be recruited into the Housing Development team to support the project alongside any additional legal resource required to support the conveyancing.

### **7.2 Legal and Governance**

- 7.2.1 All procurement activities associated with the project shall be subject to the Council's Contract Procedure Rules (CPRs). Support will be provided by Legal Services and the Procurement Team in relation to the conduct of the procurement process to ensure that it is compliant, and risk of legal challenge is minimised.
- 7.2.2 The LAHF proposal will aid North Northamptonshire Council in meeting its statutory duties to prevent and relieve homelessness in the Housing Act 1996, as amended.
- 7.2.3 The acquisition of 11 properties units under the LAHF programme falls outside of the Public Contracts Regulations 2015 which list specific exclusions for service contracts at page 15/128. One of these (Regulation 10 (1) (a)) is *“for the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property, or which concern interests in or rights over any of them.”*
- 7.2.4 The Council will first and foremost, seek to purchase properties on a freehold basis.

### **7.3 Relevant Policies and Plans**

- 7.3.1 This programme will provide eleven additional affordable rented homes, which will be owned and managed by the Council and allocated to eligible refugees to alleviate their risk of homelessness and assist with their settlement into local communities.
- 7.3.2 The provision of additional affordable housing meets the objectives of creating safe and thriving places, and active and fulfilled lives in the Corporate Plan 2021-2025.

### **7.4 Risk**

- 7.4.1 The main risk to delivery is being able to purchase and repair properties in the limited timescale available (completion required by March 2024). To enable delivery at pace, it may be a requirement to purchase new build properties directly from developers.
- 7.4.2 Reduction in timescales due to approval process. MOU submission due on 15<sup>th</sup> September 2023 and 60% (£233,640) of the first tranche of funding is required to be spent by mid December 2023
- 7.4.3 There is a risk that the Council will be unable to identify the right properties on the open market, but the project will be led by existing staff with extensive experience of acquiring and refurbishing properties and so there is good knowledge and contacts within the housing market.
- 7.4.4 Delays in the conveyancing process may impact on timelines.

### **7.5 Consultation**

- 7.5.1. Council officers have been involved with other Local Authorities in the East Midlands in considering our responses to the LAHF announcement.

### **7.6 Consideration by Executive Advisory Panel**

- 7.6.1. This item has not been considered by an Executive Advisory Panel due to the short timescales to seek approvals within the DLUHC programme.

### **7.7. Consideration by Scrutiny**

- 7.7.1. This proposal has not been considered by Scrutiny.

## **7.8 Equality Implications**

7.8.1. The three aims of the General Equality Duty under the Equalities Act 2010, which must be considered consider in the Council's decision-making processes, are:

(a) Eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act.

(b) Advance the equality of opportunity between those who share a protected characteristic and those that do not share it.

(c) Foster good relations between those who share a protected characteristic and those that do not share it.

7.8.2. It is considered that this decision will have a positive impact on a group with a protected characteristic, particularly people of diverse races, religion and cultural backgrounds who have come to the UK, following an offer of sanctuary to those fleeing conflict, via an organised safe and legal entry route. This decision will support those affected to settle within and contribute to local communities.

## **7.9. Climate and Environment Impact**

7.9.1. The purchase and repair option brings existing properties back into use and will typically save embodied carbon emissions compared to constructing a new building thus there is also an environmental case for refurbishment.

## **7.10. Community Impact**

7.10.1 The objectives of the LAHF programme are to ensure that refugees in North Northamptonshire welcomed, and able to integrate into and contribute to the local community.

## **7.11. Crime and Disorder Impact**

7.11.1 None identified.

## **8. Background Papers**

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8.1 None