



North Devon Council

Report Date: 27 March 2024

Topic: Local Authority Housing Fund Round 3

Report by: Nina Lake, Head of PMO and Environmental Health & Housing

1. INTRODUCTION

- 1.1. The Autumn Statement 2023 announced the Department for Levelling Up, Housing & Communities (DLUHC) would be building on the success of 2 previous rounds of the Local Authority Housing Fund (LAHF) and launching a third round to run over the financial years 2024/25 and 2025/26. They published guidance 07 March 2024, which will provide £450 million over two financial years to provide local authorities with a longer term pipeline of support and to unlock more new supply and developments with the funding.
- 1.2. North Devon Council were beneficiaries of Round 1 funding receiving £1,001,081 and purchased 9 properties, match funded using allocated capital programme monies for temporary accommodation to support the purchase of those houses.
- 1.3. The Council declined to take part in Round 2 as it would have been difficult to have utilised the properties for general temporary accommodation.
- 1.4. Funding for Round 3 has initially been prioritised to areas facing the highest housing pressures, with 203 local authorities receiving an initial funding allocation.
- 1.5. North Devon Council are one of those 203 authorities and has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with an indicative allocation of £602,500 in funding to deliver a specified targeted number of homes. Two homes for general needs temporary accommodation; and two homes for resettlement (one of those being a large 4+ bed property). These properties should be acquired in our own North Devon area.
- 1.6. In addition to the grant, they have included a non-ringfenced additional payment of £21,000 to allow for costs such as energy efficiency measures, legal costs, decoration, furnishings etc.
- 1.7. Government recognise that the grant will not meet all acquisition / delivery costs and will expect the Council, or its partners, to provide the remainder of the funding required. If we enter into a Memorandum of Understanding a further report will be brought back to members for consideration in terms of capital match funding and revenue support.
- 1.8. The grant base rate has been calculated on our local area with greater detail set out in the 4.10 and 4.11 of this report.
- 1.9. We are encouraged to deliver 50% of our allocation as new homes with a 10% uplift to the grant rate for each property delivered as a new home to

recognise potential higher costs of this type of delivery together with external support from Homes England where required.

1.10. LAHF Round 3 will fund additional high-quality temporary accommodation for homeless families and provide housing for those on the Afghan Citizens Resettlement Scheme (ACRS) who supported UK efforts in Afghanistan.

1.10 This fund will support the Council acquiring good quality temporary accommodation for families owed a homeless duty and further reduce our reliance on B&B plus this will enable local authorities to grow their asset base and help manage local pressures.

1.11 The objectives of the scheme are to:

1.11.1 Reduce local housing pressures and use of expensive and unsuitable accommodation, by providing better quality temporary accommodation those owed homelessness duties by local authorities.

1.11.2 Reduce temporary accommodation costs.

1.11.3 Provide sustainable settled housing to show on ACRS so that they can build new lives in the UK.

1.11.4 Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.

2 RECOMMENDATIONS

2.1 That Members approve the submission of an Expression of Interest (EOI) and completion of the Validation Form (VF) as part of DLUHC's review process for Round 3 of Local Authority Housing Fund.

2.2 That Members delegate authority to the Section 151 Officer to enter into a Memorandum of Understanding (MOU) based on the information provided as part of recommendation 2.1 above.

2.3 To note that if we enter a MOU noted in 2.2 above, a further report will come to Members to consider additional capital contributions to match fund Round 3 plus an indication of the additional revenue resources required to manage these properties both from a housing and property perspective.

3 REASONS FOR RECOMMENDATIONS

3.1 The EOI and VF has to be submitted by 5pm 28 March 2024.

3.2 All MOUs for LAHF R3 allocations must be agreed by 31 May 2024, otherwise the Local Authorities allocation may be withdrawn and reallocated.

3.3 To be transparent that additional capital funds will be required to continue to bolster our temporary accommodation housing stock and offer, as our capital programme for TA following the most recent round of purchases has been predominately spent and that it is very likely that additional revenue will be required to fund resources to support the ongoing management of these properties.

4 REPORT

4.1 North Devon Council have participated in Round One (R1) and Round Two (R2) of the previous Local Authority Housing Funds, March 2023 and July 2023 respectively. This increased our temporary accommodation stock by 9 units through R1 and allowed us to decrease our reliance on private social landlords and B&B accommodation and reduce our financial burden. [Note: The Council withdrew from R2 due to scheme changes to the terms and conditions of the fund as it progressed].

4.2 Autumn Statement 2023 announced that the Department for Levelling Up, Housing, and Communities (DLUHC) would be launching a third round of the Local Authority Housing Fund, to the value of £450 million, to run over the financial years 2024-25 and 2025-26. There will also be revenue funding to support delivery of the fund. North Devon Council has received an initial allocation and invited to submit a validation form.

4.3 The third round of the Local Authority Housing Fund (LAHF R3) will:

4.3.1 Support local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty. This will reduce the usage of B&B accommodation and will enable local authorities to grow their housing stock, creating sustainable assets to help manage local housing pressures.

4.3.2 Continue to provide resettlement housing for those on the Afghan Citizens Resettlement Scheme (ACRS). We expect these homes to become available to support wider local authority general housing and homelessness responsibilities after the resettlement needs of the eligible cohort have been addressed.

4.3.3 Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.

4.4 The government remains committed to welcoming and supporting Afghans who worked alongside the government and risked their lives alongside our Armed Forces, as well as people who assisted British efforts in Afghanistan. They recognised that Local authorities have played a vital role in integrating recent arrivals to the UK and it is thanks to the hard work of so many in local government and the wider public sector across all parts of our country that we have been able to welcome over 24,000 people to safety.

4.5 Government have made some changes to this scheme to further support local authorities. They have:

4.5.1 removed the requirement to match fund a specific percentage on each home, with the full fungibility across the fund elements e.g. temporary



accommodation and settlement, providing maximum flexibility and simplifying delivery,

4.5.2 increased the programme timeframe to a full two years, increasing scope for a wider range of delivery options, including new supply,

4.5.3 Introduced a 10% new supply uplift to support the growth of overall housing supply.

4.5.4 Providing revenue funding to local authorities to support programme delivery.

4.6 North Devon has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with an indicative allocation of £602,500 in funding. With an expectation that we will provide: 2 homes for temporary accommodation; and 2 homes for resettlement (one of those being a larger house with 4+ bed).

4.7 Our allocation is based on the median property price in North Devon of £305,000. The base grant rate per property for our area is £122,000 (based on 40% of the median property price). For the larger resettlement element (4+ bed), 50% of the median property price is provided.

4.8 Each TA unit delivered as new supply would attract a grant of £176,000 (44% of the median property price); and each large resettlement unit delivered as new supply would attract a grant of £220,000 (55% of the median property price).

4.9 There is an additional £21,000 per property to account for any other costs, for example refurbishment and conveyancing costs.

4.10 To support delivery we have been allocated an indicative £4,375 to support human resources.

5 RESOURCE IMPLICATIONS

5.3 Staff time to complete the submission.

5.4 As outlined, a further report will come to Members to consider additional capital contributions to match fund Round 3 plus an indication of the additional revenue resources required to manage these properties, both from a housing and property perspective.

6 EQUALITIES ASSESSMENT

6.3 If as an outcome of this report we enter into a MOU then there will be positive impacts for our residents and anyone falling under the ACRS scheme as



accommodation for those most in need will be provided. However, for the submission of a EOI and VF this is not considered to have any relevance.

7 ENVIRONMENTAL ASSESSMENT

7.3 There are no environmental implications from submitting the EOI and VF.

8 CORPORATE PRIORITIES

8.3 What impact, positive or negative, does the subject of this report have on:

8.3.1 The commercialisation agenda +

8.3.2 Housing +

8.3.3 People +

8.3.4 Regeneration or economic development +

9 CONSTITUTIONAL CONTEXT

9.3 The decision in respect of the recommendations in this report can be made pursuant to Article 4.2 and 4.5.17 of the Constitution.

10 STATEMENT OF CONFIDENTIALITY

This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

11 BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

Local Authority Housing Fund: Round 3 prospectus and guidance

[Local Authority Housing Fund: Round 3 prospectus and guidance - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

(The background papers are available for inspection and kept by the author of the report).

12 STATEMENT OF INTERNAL ADVICE

The author Nina Lake Confirms that advice has been taken from all appropriate

Councillors and Officers:

Council G Bell Lead Member for Housing

Ken Miles Chief Executive

Jon Triggs Director of Resources and Deputy Chief Executive

SarahJane Mackenzie-Shapland Head of Place, Property & Regeneration

Simon Fuller Senior Solicitor & Monitoring Officer