



North Devon Council

REPORT TO: STRATEGY AND RESOURCES COMMITTEE

Report Date: 02 September 2024

Topic: Local Authority Housing Fund (LAHF) Round 3

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

1. INTRODUCTION

- 1.1. The Department for Levelling-Up, Housing & Communities (DLUHC) launched Round 3 of the Local Authority Housing Fund in March 2024. North Devon were provisionally 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.
- 1.2. On 27 March 2024 a report was taken to Full Council seeking approval to enter Local Authority Housing Fund (LAHF) Round 3 (R3).
- 1.3. The report recommended: The submission of an Expression of Interest (EOI) and completion of the Validation Form (VF) as part of DLUHC's review process for DLUHC R3; That Members delegate authority to the Section 151 Officer to enter into a Memorandum of Understanding (MOU); and To note that if we enter a MOU, a further report will come to Members to consider additional capital contributions to match fund R3 plus an indication of the additional revenue resources required to manage these properties both from a housing and property perspective.
- 1.4. The EOI and VF was immediately completed setting out our proposal to deliver 4 new homes over the 2 year delivery period.
- 1.5. This fund was paused for a short while during the election period but the Ministry of Housing, Communities & Local Government (MHCLG) (was DLUHC) has confirmed this fund will continue, they have accepted the Council's plan to provide 4 homes ('the total delivery target') under LAHF R3, of which 4 homes shall be new homes ('the new homes delivery target') and MHCLG will provide a capital grant of £654,350 and a revenue grant of £4,514 with a total grant allocation of £658,864.
- 1.6. The MOU was signed and returned to the MHCLG 08 August 2024, receipt of which has been acknowledged.
- 1.7. This report now seeks to vary the capital programme to acquire the above mentioned 4 new homes to be funded via a combination of LAHF R3 grant and match funding from this Council.

2 RECOMMENDATIONS

- 2.1 That Members approve the use of the allocated Local Authority Housing Fund grant of £654,350 alongside £649,650 of capital match-funding from North Devon Council as laid out in section 5.2 of this report.
- 2.2 That subject to 2.1 above Members recommend that Council vary the Capital programme by £1,304,000 and that funds be released, subject to the Memorandum of Understanding with the MHCLG, upon such terms and conditions as may be agreed by the Director of Resources and Deputy Chief Executive and the Senior Solicitor and Monitoring Officer.

3 REASONS FOR RECOMMENDATIONS

- 3.1 Reduce local housing pressures and use of expensive and unsuitable accommodation, by providing better quality temporary accommodation to those owned homelessness duties by local authorities.
- 3.2 To reduce the financial costs of providing temporary accommodation.
- 3.3 Provide sustainable settled housing to those on ACRS (Afghan Citizens Resettlement Scheme) to that they can build new lives in the UK, find employment and integrate into communities.
- 3.4 Support local housing markets by assisting the delivery of new housing stock of new developments to grow overall housing supply.

4 REPORT

- 4.1 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.
- 4.2 The Council declined to take part in Round 2 as due to the design of the scheme it would have been difficult to have utilised the properties for general temporary accommodation.
- 4.3 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.
- 4.4 Funding for R3 has initially been prioritised to areas facing the highest housing pressures, with 203 local authorities receiving an initial funding allocation.
- 4.5 North Devon Council are one of those 203 authorities and were provisionally 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.

4.6 Following the return of our Validation Form this grant has subsequently been increased to £658,864 to deliver the target of 4 new homes.

4.7 This total allocation includes any New Homes Uplift of £21,000 per property.

4.8 For the purposes of the New Homes Uplift a new home is a property that will be delivered in FYs 24/25 or 25/26 as a direct new development, an 'Off-the-shelf' new build property purchased from developers, a property that its use converted (delivering an extra residential unit), or a property that has its use changed (delivering an extra residential unit).

4.9 The total allocation will be provided as £314,914 in 2024/25 ('the Year 1 allocation') and £343,950 in 2025/26 ('the Year 2 allocation'). The Year 1 allocation includes the revenue grant.

4.10 The Council agrees the following targets to deliver at least:

- Two properties to be allocated to households that meet the TA Element eligibility criteria. One in Year 1 and 1 in Year 2.
- One property for households that meet the R3 resettlement element eligibility criteria in Year 1.
- One property (4+ bed) for households that meet the R3 large resettlement element eligibility criteria in Year 2.

4.11 LAHF R3 funding is unlikely to meet all the Council's acquisition/delivery costs. The Council or its delivery partner(s) will fund any outstanding sum required.

4.12 The Council will use its best endeavours to meet the delivery target and to achieve value for money. The Council should ensure it complies with the Code of Practice for Local Authority Accounting.

4.13 The Council may determine how it uses the total allocation and the revenue funding as long as the delivery target and the new home delivery target are met.

4.14 Revenue funding has been provided to the Council for any activities which support delivery of the total allocation, including but not limited to programme/administration resource or professional services (e.g., fees, conveyancing). Revenue funding will be paid in full alongside the Tranche 1 allocation.

5 RESOURCE IMPLICATIONS

5.1 The agreed funds will be issued to the Council as grant payments under section 31 of the Local Government Act 2003.

5.2 The capital funding will be provided by MHCLG in four tranches with the revenue funding paid in full in 'Tranche 1'. The 'Tranche 1 allocation' is 30% of the year 1 capital allocation and 100% of the revenue allocation. The 'Tranche 2 allocation' is 70% of the Year 1 capital allocation. The 'Tranche 3

allocation' and the 'Tranche 4 allocation' are both 50% of the Year 2 capital allocation.

- Tranche 1 = £97,634 (including £4,514 of revenue)
- Tranche 2 = £217,280
- Tranche 3 = £171,975
- Tranche 4 = £171,975
- Total = £658,864**

5.3 Staff time to complete the submission and future purchase of the houses.

5.4 The Council has seen increased cost pressures within the revenue budget for the provision of temporary accommodation and this trend is worryingly continuing. This Council previously approved in February 2018 the capital acquisition of properties to the value of £1.2million and in February 2023 a further £2million to hold solely for the provision of temporary accommodation.

5.5 The benefit behind this approach enables the team to house clients in their own house rather than within bed and breakfast accommodation. This is a much better solution for the client and their wellbeing and also a much more cost effective solution for the Council as the B&B accommodation is expensive and costing the Council between £75-£80 per night. Having clients in their own homes also always NDC to recover the housing benefit element of the time that property is occupied.

5.6 Even with current borrowing level costs; to match fund the above capital acquisition of the properties (additional NDC borrowing of £649,650), the estimated net saving to the temporary accommodation revenue budget would be around £10,000 per unit of property annually compared to the costs of housing clients in the current B&B accommodation.

5.7 The added benefit is the Council also owns and controls these additional properties which will be growing in capital value and provide a much needed asset for our future use.

5.8 Our allocation is based on the median property price in North Devon of £305,000. Each TA unit delivered as new supply would attract a grant of £134,200 (44% of the median property price); and each large resettlement unit delivered as new supply would attract a grant of £167,750 (55% of the median property price).

6 EQUALITIES ASSESSMENT

6.1 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 an EOI and VF this is not considered to have any relevance.



7 ENVIRONMENTAL ASSESSMENT

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

8 CORPORATE PRIORITIES

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

8.1.1 + The commercialisation agenda: adding to our property portfolio and reducing revenue costs

8.1.2 + Housing: providing a suite of properties that we can closely manage, understand their availability and manage voids to maximise use

8.1.3 + People: enables NDC to house homeless households in accommodation that we know will need the meets of that household

8.1.4 + Regeneration or economic development: purchasing new properties supports local housebuilding.

9 CONSTITUTIONAL CONTEXT

9.1 Save as provided at paragraph 9.2 below, the decision in respect of the recommendations in this report can be made pursuant to paragraph 1 of Annex 1 to Part 3 of the Constitution.

9.2 As noted above, the power to decide on one or more of the recommendations in this report is reserved to Council pursuant to Article 4.4 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