

Report to Cabinet

12 July 2023

Subject:	Local Authority Housing Fund
Cabinet Member:	Cllr Laura Rollins Cabinet Member for Housing and Built Environment
Director:	Gillian Douglas Director of Housing
Key Decision:	Yes Value of grant award – Urgent item report
Contact Officer:	Nigel Collumbell – Assistant Director (Housing Management) Nigel_collumbell@sandwell.gov.uk

1 Recommendations

- 1.1 That approval be given to draw down the offer of £1.8m of Capital Grant Funding from the Department for Levelling Up, Housing, and Communities (DLUHC).
- 1.2 That the Director Housing be authorised to match fund £2.195m from unallocated Housing Revenue Account reserves and/or through prudential borrowing for the purpose of acquiring 19 units of accommodation to support the resettlement of families supported by the Home Office’s Afghan Relocations and Assistance Policy (ARAP) and the Afghan Citizens Resettlement Scheme (ACRS).







2 Reasons for Recommendations

- 2.1 In December 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched the first round of the [Local Authority Housing Fund](#) (LAHF R1), an innovative capital fund that supports local authorities in England to obtain housing for those who are unable to find settled accommodation on resettlement schemes. The intention of the funding is to ensure that those communities, which have been most generous in welcoming those fleeing conflict and persecution in Ukraine and Afghanistan, are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness system. However, Sandwell was not offered any funding under this round of the scheme.
- 2.2 In March 2023, it was announced that the Local Authority Housing Fund would be expanded by £250m for a second round of funding (LAHF R2), with the majority of the additional funding used to house those on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to ease wider homelessness pressures. The £250m second round of LAHF supports the Government's humanitarian obligations to provide safe and suitable housing to those fleeing their country. LAHF R2 will also support local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty by local authorities. This will reduce the usage of B&B accommodation and will enable local authorities to grow their asset base, creating sustainable assets to help manage local housing pressures on an ongoing basis.



- 2.3 Sandwell have been offered the opportunity to draw down £1.8m of Capital Grant Funding in return for the provision of 19 units of accommodation, 17 for settled accommodation and 2 units of temporary accommodation. A further £20,000 per property is also available to account for other costs (including refurbishment). An online expression of interest must be completed by 5th July 2023 to draw down the funding, this does not commit the Council to receiving the funding but if the offer is confirmed a Memoranda of Understanding with DLUHC must be signed up to by 14th July 2023.
- 2.4 The item was not included in the 28 Day Notice (Forward Plan) due to the urgent timescales for confirming whether the local authority wish to accept the offer of the capital grant. We received notification of the grant award on 7 June but have had to do some work on the feasibility of delivering the intended outcomes. As a result, the Chair of the Safer Neighbourhoods and Active Communities has acknowledged the reason for urgency and given an exception to scrutiny call in to enable the Memorandum of Understanding to be signed with DLUHC by their deadline.

3 How does this deliver objectives of the Corporate Plan?

	Best start in life for children and young people – the proposal will ensure that migrant families are integrated into the community and can access safe and affordable accommodation
	People live well and age well – the proposal will ensure that households are able to secure suitable longer term accommodation and can move on from temporary accommodation
	Strong resilient communities – the model will ensure that migrant groups integrate into the community and have the opportunity to be housed within their support network localities
	Quality homes in thriving neighbourhoods – the model will ensure that households are housed in good quality, affordable and sustainable accommodation





A strong and inclusive economy – the proposal will ensure the households have access to education, training and employment opportunities as they have a stable home

4 Context and Key Issues

- 4.1 In December 2020, the Defence Secretary and Home Secretary announced the Afghan Relocations and Assistance Scheme. Sandwell offered to support between 20 and 25 families to resettle in the borough.
- 4.2 In September 2021, the Home Office advised Sandwell they were establishing a “bridging hotel” in the borough, as temporary accommodation for Afghan families arriving through both the Afghan Relocations and Assistance Policy (ARAP) and the Afghan Citizens Resettlement Scheme (ACRS).
- 4.3 To-date we have resettled 17 families into permanent accommodation but 7 families, with family sizes ranging from a couple to a family of nine remain in the bridging hotel. Additionally, four ARAP / ACRS families have found their own accommodation in Sandwell.
- 4.4 In April the Home Office announced the intention to give notice and end the bridging hotel arrangements across the country. The bridging hotel in Sandwell will end the accommodation offer on 15th August 2023.
- 4.5 At the point the hotel closes, any families who have not been relocated, will be offered support by the host Local Authority under the provisions of the homeless legislation.
- 4.6 There is a risk of homeless presentation from both families remaining in the hotel at the closure date and those who have resettled in Sandwell. The key risk for those who have found settled accommodation is the sustainability and affordability of those arrangements, many are large families with a 4 bed+ housing need. This type of accommodation is both short in supply and often only available in the private rented market at rent that is above the Local Housing Allowance, leaving a short-fall in rent and benefit entitlement.
- 4.7 The risks of increased pressure on our Homeless service are mitigated by additional funding provided by the Department for Levelling Up, Housing, and Communities to provide wrap around support to support access to education, work, health and housing.



This funding is time limited as a one off payment, meaning long-term sustainable housing needs to be identified to prevent these risks being realised in future months.

4.8 Since 2018 we have established the HRA Strategic Asset Management Group to oversee the use of Right to Buy 1-4-1 funding. This fund provides 40% contribution to new stock delivered through new build projects and single property acquisitions. We have a well-established process for acquisitions that helps demonstrate value for money in every case as well as identifying additional investment needs once properties are acquired.

4.9 We will use this process and governance to oversee the use of LAHF funds, prioritising this funding to ensure we maximise this opportunity.

4.10 The draw down and match funding costs set out are based on the following assumptions:

- Based on an average purchase price per house of £0.180m and flat of £0.077m
- Refurbishment costs have been set at £0.015m per unit
- This does not include any legal costs
- The council cannot claim more than 40% of the remaining capital spend. This means that to claim the full £1.8m we would need to acquire a greater number of properties than we have been allocated/or more expensive units.

5 Alternative Options

5.1 Sandwell does not have to draw down the capital funding offered. If we do not, it will be offered to other Local Authorities. Alternatively, Sandwell could request to draw down part of the funding.

6 Implications

<p>Resources :</p>	<p>The HRA will need to incur gross capital expenditure of £4m to draw down the full grant allocation of £1.8m.</p> <p>Of this expenditure, £1.805m will be funded through LAHF-R2 Capital Grant, and £2.195m will be financed through HRA resources. The match funding element will be accommodated within the existing HRA Capital Programme 2022/23-2026/27</p>
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	LAHF R2	Ringfence d Grant	Non- Ringfenc ed Grant	Match Funding	Total Investment
	Acquisitions (19 properties at £75k per property)	£1,425,000	£0	£2,195,00 0	£3,620,000
	Refurbishment Grant (19 properties at £20k per property)	£0	£380,000	£0	£380,000
					£4,000,000
	Drawdown of the grant funds and HRA match funding will be subject to a satisfactory appraisal by Strategic Finance.				
Legal and Governance:	There would be a need for legal support and resources in the acquisition of any properties purchased through the open market				
Risk:	<p>Identifying and securing suitable properties in a relatively short period of time is a significant risk, as is the authorities ability to complete the conveyancing process in the timescales set as we are reliant third parties to act promptly to complete each purchase.</p> <p>Households who have resettled in Sandwell either through ARAP / ACRS routes and or who have found their own private rented accommodation are at risk of homelessness because the accommodation may not be affordable once wrap around support is removed. We estimate the costs associated with supporting 17 households from this cohort who may present as homeless within the next 12 months to be at least £193k. This estimate is based on the provision of temporary accommodation and topping up rent to access private rented accommodation.</p> <p>Homelessness is highlighted as a strategic risk on the Housing Directorate risk register, the proposals in this report support the mitigation of that risk.</p>				
Equality:	The operating model for resettlement will ensure robust holistic support for people with protected characteristics. Consultation is currently live on the development of a Borough of Sanctuary Strategy, the proposals in this report positively support the intentions of that strategy to help people settle well in Sandwell. That strategy will be subject to a full Equality Impact Assessment.				



Health and Wellbeing:	The proposal will improve the health and wellbeing of the cohort as they will have access to settled and affordable accommodation
Climate Change:	The acquisition of residential properties from the market may provide the opportunity to improve the condition of housing stock in the Borough by bringing them under the Councils direct management meaning they will benefit from future investment to meet net-zero targets.
Corporate Parenting:	Preventing families with children from becoming homeless prevents those children from becoming looked after by the Local Authority.

7. Appendices

None

8. Background Papers

LAHF round 2 prospectus and guidance

<https://www.gov.uk/government/publications/local-authority-housing-fund-round-2>

LAHF Additional Q&A Guidance



v2 LAHF R1 and R2
additional Q&A guidance

Memoranda of Understanding template



LAHF2-MOU-Template-(for-LA-reference-c

