

Arun District Council

REPORT TO:	Housing and Wellbeing Committee- 12th September 2023
SUBJECT:	Local Authority Housing Fund
LEAD OFFICER:	Moh Hussein- Interim Head of Housing
LEAD MEMBER:	Councillor Carol Birch, Chair of Housing and Wellbeing Committee
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:	
<p>The Local Authority Housing Fund will support the following aims of the Council Vision.</p> <p>Improving the wellness of Arun</p> <ul style="list-style-type: none">• Support those who are homeless, street homeless or at risk of homelessness in emergency or temporary accommodation to improve health outcomes. <p>Delivering the right homes in the right places</p> <ul style="list-style-type: none">• Support households with complex needs to secure suitable accommodation.• Ensure the existing housing stock in the district (private sector and council owned) is maintained to a high standard.• Continue to bring empty homes back into use for the benefit of the community.	
DIRECTORATE POLICY CONTEXT:	
<p>The Local Accommodation Housing Fund (LAHF) (2) will provide up to 40% of funding towards the cost of purchasing seven additional Temporary Accommodation homes, adding to the stock of 56 properties already owned by Arun.</p> <p>These additional homes will be new, high standard properties that provide better value than the alternative, which is expensive emergency accommodation.</p>	
FINANCIAL SUMMARY:	
<p>1.1 The Department of Levelling Up, Housing and Communities (DLUHC) allocated up to £1.09M of grant to Arun District Council to acquire or develop seven additional temporary accommodation homes to fulfil our statutory homeless duties. The allocation provides for up to 40% of the cost and will require ADC to fund the remaining 60%, up to a maximum of £1.64 million.</p> <p>1.2 Our intention is to use this award, along with our contribution, to purchase four 2-bedroom and three 3-bedroom homes. Our contribution towards the scheme costs will be funded through additional borrowing.</p>	

2. PURPOSE OF REPORT

- 2.1 To seek approval from Members to proceed with the acquisition of seven additional temporary homes, including approval for the capital funding required to make up the remaining cost after the grant awarded is considered.

3. RECOMMENDATIONS

- 3.1 It is recommended that Housing and Wellbeing Committee:
 - (a) Approves progression of the LAHF award of £1,092,000 to acquire seven additional homes for use as temporary accommodation;
 - (b) Approves the use of HRA borrowing as match funding of a minimum 60% (up to £1,640,000);
 - (c) Subject to recommendation (d), approves the acquisition of seven new homes for up to a maximum total cost of £2,730,000 for use as temporary accommodation and in accordance with the LAHF grant conditions; and
 - (d) Delegates authority to the Group Head of Finance (Section 151 Officer), in consultation with the Leader, Opposition Leader and Chair of this committee, to provide final written approval of the acquisition subject to the Group Head of Finance being in receipt of a positive financial appraisal.
 - (e) Notes that an appraisal of the LAHF scheme will be brought to this committee once it is completed and in use.
 - (f) Request that Policy & Finance Committee include this scheme within the Council's capital programme at a total cost of £2.73M, with £1.09M to be funded from central government grant and £1.64M to be funded by the Council through additional borrowing.

4. EXECUTIVE SUMMARY

- 4.1. DLUHC have nominally allocated £1.092M of LAHF funding for Arun District Council to acquire additional homes for use as temporary accommodation. The LAHF scheme is intended to support Afghan refugees currently occupying bridging hotels and to relieve our existing homelessness pressures.
- 4.2. Arun DC has been allocated up to £1.092 million of grant funding conditional on the Council match funding at least 60%, being £1.64M. The funding is also conditional on having the properties ready for use by 29 March 2024.
- 4.3. The grant application has already been submitted as the deadline was 5 July, but this does not commit us to proceeding with the application.
- 4.4. The proposal is to purchase:

Four x two-bedroom new homes on a local development

Three x three-bedroom new homes on a local development

5. DETAIL

- 5.1. Presently there are over 180 Arun households living in temporary accommodation of which 145 are in expensive nightly paid accommodation provided by private suppliers. The cost of temporary accommodation to the local authority last year was over £2.6M gross.
- 5.2. Homelessness is a statutory service, and we are obligated to offer temporary accommodation to eligible households. At a time of nationally increasing homelessness, we are seeing increasing numbers of households in temporary accommodation. Our only flexible source of supply is expensive emergency accommodation. Increasing our own portfolio of temporary accommodation reduces that reliance and offers a better quality, more sustainable and cheaper alternative.
- 5.3. There are no commuted sums available so the match funding from Arun District Council for this project will come from HRA borrowing.

6. CONSULTATION

There has been consultation with DHLUC and Finance in developing these proposals.

7. OPTIONS / ALTERNATIVES CONSIDERED

- 7.1. There was consideration given to building new properties on land owned by Arun District Council. This was dismissed as the delivery timetable is by 29 March 2024 and therefore not long enough to enable such an approach.
- 7.2. There was the option not to apply for this grant, and this was also dismissed as:
 - DLUHC were strongly supportive of our application.
 - This scheme will provide high-quality, energy efficient new temporary homes for homeless families.
 - These properties will both generate an income and off-set the alternative cost of emergency accommodation.

8. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

- 8.1 The total costs of the proposals in this report are £2.73M of which £1.64M will need to be funded by the Council. This will be done by taking out new borrowing, which means the Council will also incur additional revenue costs to repay the borrowing. However, it is anticipated that borrowing costs and any other additional revenue expenditure will be offset by the savings achieved.
- 8.2 It is important for Members to note that no acquisitions will be made unless a business case is developed, which demonstrates affordability and value for money. To this end, the cost of the proposals are **not** expected to increase the Council's annual running costs.

9. RISK ASSESSMENT CONSIDERATIONS

- 9.1. The authority will be increasing its HRA debt:
Whilst this increases our debt exposure risk, this is mitigated by the ownership of the properties, which will be 40% grant funded.
- 9.2. The grant application is unsuccessful:
The scheme will not proceed without grant so there is no risk.
- 9.3. Properties cannot be purchased in time:
If we are unable to meet any of the grant obligations, we will withdraw our application and return the grant. The grant includes up to £20K for acquisition costs per property so this will mitigate any costs already incurred.

10. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

- 10.1 Appropriate legal agreements will need to be prepared and put in place to govern both the use of the funding and the acquisitions. Advice will be required from the Council's Legal Services team and/or its external legal advisors as a part of the project.

11. HUMAN RESOURCES IMPACT

There are no implications identified.

12. HEALTH & SAFETY IMPACT

There are no implications identified.

13. PROPERTY & ESTATES IMPACT

There are no implications identified.

14. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

This brings additional social value to the community providing suitable temporary accommodation for 7 additional households in the district.

15. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

All 7 properties purchased, will be newly constructed, to the most up to date build standards.

16. CRIME AND DISORDER REDUCTION IMPACT

There are no implications identified.

17. HUMAN RIGHTS IMPACT

There are no implications identified.

18. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

There are no implications identified.

CONTACT OFFICER:

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BACKGROUND DOCUMENTS:

[Local Authority Housing Fund: Round 2 prospectus and guidance - GOV.UK
\(www.gov.uk\)](http://www.gov.uk)