

LOCAL AUTHORITY HOUSING FUND (LAHF)

Executive Summary

The £1.2 billion Local Authority Housing Fund (LAHF) provides capital funding directly to local authorities to provide around 7,000 additional homes by 2026. The fund aims to support councils in addressing immediate needs of Afghan and Ukrainian arrivals and in the longer-term will create a lasting legacy for UK nationals by building a sustainable stock of affordable housing for local communities.

LAHF Round 3 was announced in March 2024 with Woking Borough Council being awarded capital grant funding of £875,775, plus an allocation of £7,825 of revenue funding. In return, the Council is expected to deliver a minimum of 2 homes for temporary accommodation and a minimum of 2 homes for resettlement purposes (of which at least 1 must offer 4+ bedrooms).

The LAHF round 3 grant can be used to bring long-term empty homes back into use, but where this is the case, the Government expects the local authority to deliver more units than the target delivery number above. It is proposed that the Council accepts the LAHF grant allocation and uses it to refurbish around 12 long-term empty properties within the Sheerwater regeneration area that were previously due to be redeveloped. In addition, the Council must identify one 4-bedroom property to either acquire or refurbish to comply with the grant conditions.

Recommendations

The Executive is requested to:

RESOLVE That

- (i) the Local Authority Housing Fund (LAHF) Round 3 grant be accepted and prioritised for refurbishment of vacant homes within the Sheerwater Regeneration area;
- (ii) the Strategic Director – Communities be authorised to sign the Memorandum of Understanding for LAHF Round 3; and
- (iii) the Strategic Director – Communities, in consultation with the Portfolio Holder for Housing, be authorised to take such decisions as may be necessary to facilitate the delivery of the LAHF homes in accordance with the grant conditions, including agreeing the properties to be included under this scheme.

Reasons for Decision

Reason: To enable the Council to provide good quality, temporary accommodation locally for households facing homelessness and support the resettlement of Afghan families in the Borough.

The Executive has the authority to determine the recommendation(s) set out above.

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Background Papers: None.

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1.0 Introduction

- 1.1 The £1.2 billion Local Authority Housing Fund (LAHF) provides capital funding directly to local authorities to provide around 7,000 additional homes by 2026, including over 1,500 homes for Afghan families on resettlement schemes. The fund aims to support councils in addressing immediate needs of Afghan and Ukrainian arrivals and in the longer-term will create a lasting legacy for UK nationals by building a sustainable stock of affordable housing for local communities.
- 1.2 Woking Borough Council was allocated £2,392,259 LAHF grant funding in Round 1 to acquire 15 homes by March 2024 (to include a minimum of 1 larger 4+ bed home to be allocated to households currently residing in bridging accommodation). Due to the Council's wider financial challenges and the tight timescales for delivery, the Council was only able to match fund and deliver 5 homes by the deadline and spent £703,463 of the grant funding within this round. The Council did not participate in Round 2 of the programme.
- 1.3 LAHF Round 3 was announced in March 2024 providing £450 million of funding with the majority of the additional funding being used to deliver more high-quality temporary accommodation for homeless families, and the rest used to provide housing for those on the Afghan Citizens Resettlement Scheme (ACRS) who supported UK efforts in Afghanistan.
- 1.4 Round 3 of LAHF includes a number of changes from earlier rounds, including:
 - Removing the requirement for local authorities to match fund a specific percentage on each home. A local authority agrees to deliver a minimum number of temporary accommodation and resettlement homes in exchange for their funding allocation, providing maximum flexibility and simplifying delivery.
 - Increasing the programme timeframe to two years, increasing the scope for a wider range of delivery options, including new supply. A 10% new supply uplift was included for Councils deliver new build homes to support the growth of overall housing supply.
 - Providing revenue funding to local authorities to support programme delivery.
- 1.5 Initial allocations for LAHF Round 3 were made to 203 local authorities facing the highest pressures, including Woking. These Councils were invited to submit a proposal by 28 March 2024 if they wished to participate in Round 3.

2.0 Local Authority Housing Fund Round 3 Allocation

- 2.1 Woking Borough Council was provisionally allocated capital grant funding (under section 31 of the Local Government Act 2003) of £875,775, plus an indicative allocation of £7,825 of revenue funding under LAHF Round 3. In return, the Council is expected to deliver a minimum of 2 homes for temporary accommodation and a minimum of 2 homes for resettlement purposes (of which at least 1 must offer 4+ bedrooms).
- 2.2 The temporary accommodation element properties are for any household owed a homelessness duty by the local authority. Under Round 3, the resettlement element properties must be offered to households who are being resettled on the Afghan Citizens Resettlement Scheme (ACRS) and are currently homeless, at risk of homelessness, living in UK transitional accommodation or who are overseas with leave to travel to the UK.
- 2.3 The Council submitted a validation form by the deadline of 28 March 2024, indicating its intention to claim its grant allocation and setting out a proposal for spending the funding. The Council's proposal focused on using the grant to bring long-term empty homes within the Sheerwater regeneration area back into use.

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- 2.4 Funding announcements were subsequently delayed due to the general election. However, on 30 July 2024, the Council received confirmation from MHCLG that it will receive the full allocation of £875,775 capital funding and £7,825 of revenue funding under LAHF Round 3 in return for delivering at least 4 homes.
- 2.5 In line with the Council's proposal, the 4 homes are all expected to complete in 2025-26 financial year.
- 2.6 In order to accept the grant allocation, the Council is required to sign Memorandum of Understanding (MOU). The terms of the MOU are standardised terms for the fund that will be agreed with every local authority and are therefore non-negotiable. LAHF Round 3 payments will be made following signed agreement to the MOU. Where MOUs are returned by 16 September 2024, the first tranche of payment will be made in October 2024.

3.0 Sheerwater Proposal

- 3.1 LAHF R3 funding is intended to provide additional housing stock, typically via acquisition or development. However, the funding does permit Councils to apply the funding to bring long-term empty homes back into use, including funding capital works which will bring properties with the worst conditions up to the Decent Homes Standard. Where local authorities are using the grant to bring long-term empty homes back into use and are applying this to properties already within existing social housing stock, the Government expects the local authority to deliver more units than the target delivery number specified in their MOU (given that unit delivery costs are likely to be lower.)
- 3.2 In October 2023, the Council resolved to progress the refurbishment of over 100 homes previously identified for demolition with the Sheerwater regeneration area. These included houses on Woodlands Park, Hennessey Court and Spencer Close, along with the sheltered housing at Woodlands House and flats at 129 – 139B Devonshire Avenue. It was proposed that the refurbishments would be funded from capital receipts generated from Sheerwater land transfers or disposal of other HRA assets in the vicinity. To date, refurbishment has been completed or is underway on 13 Housing Revenue Account (HRA) homes with a further 42 HRA homes vacant and in need of refurbishment.
- 3.3 The basis for the Council's submission for LAHF Round 3 was that the grant funding be used to refurbish around 12 long-term empty properties within the Sheerwater regeneration area, that were previously due to be redeveloped. The properties are in poor condition (often requiring re-roofing and new windows and doors as well as a full internal overhaul) and the refurbishment cost was estimated at an average of £100,000 per home. In addition, the bid outlined that the Council would potentially need to acquire a 4-bedroom property on the open market to meet the larger resettlement element. A long-term empty property within Sheerwater has subsequently been identified which could meet this criteria.
- 3.4 It is therefore proposed that the Council enters into the MOU, but looks to deliver a higher number of LAHF units (approximately 13 homes) by March 2026 reflecting the lower cost delivery model of bringing long-term empty homes back into use. Where additional units are delivered, the Government expects the same proportion split of temporary accommodation and resettlement homes as in the MOU.
- 3.5 The revenue grant will be used towards additional project management resource to oversee the refurbishment works.

4.0 Corporate Strategy

- 4.1 The Council's "Woking for All" Corporate Strategy includes objectives to create 'safe, thriving and sustainable communities' and deliver 'high quality homes for all'.

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- 4.2 As part of this ambition, the Council committed to a large-scale estate regeneration project in Sheerwater, Woking to deliver over 1,100 new homes and associated community infrastructure. The Council remains committed to finding a solution that enhances the Sheerwater area, but this must be affordable to the public purse. Refurbishing some of the homes using the LAHF grant will help to uplift the appearance of the area.
- 4.3 In addition, the LAHF grant will deliver additional homes for temporary accommodation for homeless households, as well as supporting Afghan households to resettle safely in the United Kingdom.

5.0 Implications

Finance and Risk

- 5.1 The Council is expecting to be paid the LAHF Round 3 revenue element (£7,825) in the first tranche in October 2024 and the capital element (£875,775) in two instalments in April and June 2025 (dependent on timely submission of delivery and expenditure information and key milestones being achieved).
- 5.2 The funding will support the refurbishment of long-term empty homes in Sheerwater. The 13 refurbished homes will generate approximately £86,000 net rental income per annum to the Housing Revenue Account (HRA).
- 5.3 The LAHF Round 3 refurbishments will be set up as a project, which will include a risk register, and be monitored through the Corporate Programme Board. The key risks identified to date are finding a 4-bedroom property within budget and lack of staffing capacity to deliver the refurbishment project alongside an already large capital programme.

Equalities and Human Resources

- 5.4 The LAHF Round 3 project will deliver family-sized accommodation for use as temporary accommodation and for resettlement purposes. Therefore, it is anticipated that the funding will have a positive impact on homeless families with children and refugees.
- 5.5 Additional project management resources (part funded by the grant) will be needed to oversee the refurbishment project.

Legal

- 5.6 There are no specific legal implications associated with the receipt of the grant funding (other than the requirement for this to be used within the parameters set by Government as contained within the Memorandum of Understanding).

6.0 Engagement and Consultation

- 6.1 There has been no specific consultation or engagement on the LAHF funding.
- 6.2 The evolution of the Sheerwater regeneration scheme has been subject to extensive consultation and engagement over the years, including on the proposed refurbishment of some of the homes in 2023.

REPORT ENDS