

LOCAL AUTHORITY HOUSING FUND 2

Community Connections and Housing Delivery Team



1. EXECUTIVE SUMMARY

Plymouth has been offered and accepted a grant of a capital grant allocation of £1,020,000 by the Department of Levelling Up, Housing and Communities (DLUHC) with an expectation to provide 10 homes (2-4 bedrooms) by March 2024.

- Eight homes for Afghan Families and two homes for Homeless Families (to be used as Temporary Accommodation)

This is broken down to include:

- £1,020,000 to provide 10 homes with a minimum of 2 bedrooms. For each property, 40% of capital costs can be funded through grant plus an additional £20,000 per property for refurbishment costs

2. BACKGROUND

The Local Authority Housing Fund is a £500m capital grant fund in financial years 2022/2023 and 2023/2024 to support selected local authorities in England to obtain and refurbish property. Administered by the Department for Levelling Up, Housing and Communities (DLUHC), the fund is designed to provide sustainable housing for families who would fall into the following categories:

- Afghan Citizen Resettlement Scheme (ACRS)
- Afghan Relocations and Assistance Policy (ARAP)
- Temporary Accommodation for Homeless Families

A number of local authorities have been allocated capital funding under section 31 of the Local Government Act 2003 based on a formula, set out in the LAHF (Local Authority Housing Fund) prospectus.

3. PROPOSED CHANGES AND REASONS

The initial Executive Decision (L19 23/24 Local Authority Homes Fund (LAHF) Round 2) related to the acceptance of the grant on the basis of Plymouth City Council delivery utilising additional service borrowing.

This paper recommends that the Local Authority Fund Allocation is now used by Bournemouth Churches Housing Association (BCHA) to source, acquire, refurbish and let ten family homes to the above mentioned schemes and requires an additional decision to delegate authority to the Section 151 officer to disperse the LAHF round 2 grant funds to BCHA to deliver in line with the memorandum of understanding (MOU) that the Council has entered into with DLUHC..

Initial enquiries with Registered Provider partners to deliver LAHF 2 were not successful. BCHA were already delivering LAHF round 1 on our behalf and were concerned regarding capacity to deliver LAHF round 2.

BCHA have made good progress in delivering LAHF round 1 to date and are now more confident in their capacity to deliver LAHF round 2 also.

BCHA have agreed to use best endeavours as per the MOU to deliver all ten homes by the 31st March 2024, at an affordable rent. The timescales have been agreed by DLUHC.

The MOU sets out the basis for the grant funding and was returned to the Department of Levelling, Housing and Communities by the deadline of 14th September 2023.

BCHA will enter into a grant agreement with the Council to ensure the Council has a mechanism to secure delivery of the homes and/or return of the funding.

The decision to allocate the capital funding to BCHA is based on the nature of their organisation and that it is regulated by the Regulator of Social Housing. The organisation is subject to regulation and scrutiny around key areas such as current and future rent levels; building quality and safety and how its properties are let.

4. ALTERNATIVE OPTIONS

Officers have consulted a wide range of other potential delivery partners including registered providers, social enterprises, B-corps, and social investors. No other suitable organisations can deliver this programme.

The two main reasons given were:

1. Not having capacity to buy from the open market and refurbishing properties within the deadline
2. Financial viability due to current interest rates and grant allocation

PCC have also considered the option of delivering the units however, BCHA delivering these units is by far the best option in terms of managing finance, timescales and risk.

5. FINANCIAL IMPLICATIONS AND RISK

Minimal financial risk exist for Plymouth City Council, as it is anticipated that the scheme will be fully delivered by BCHA a traditional registered housing provider and a member of the Plymouth Alliance. There are no penalty clauses for Plymouth City Council within the MOU should BCHA fail to deliver.

BCHA hold the reputational and financial risk of not being able to deliver the homes within the agreed timescales and financial envelope. There is clear understanding from DLUHC and PCC regarding the best endeavours obligation in the challenging timeframe for delivery.

6. TIMESCALES

- BCHA to use best endeavours to deliver ten family homes to be ready to let by March 2024 .