

To: Cabinet
Date: 19 April 2023
Report of: Executive Director (Communities and People)
Title of Report: Local Authority Housing Fund (LAHF)

Summary and recommendations	
Purpose of report:	The report seeks project approval and delegations to enable the Council to proceed with entering into the national Local Authority Housing Fund, and make available the required budget provision.
Key decision:	Yes
Cabinet Member:	Councillor Linda Smith, Cabinet Member for Housing
Corporate Priority:	Deliver more affordable housing and support thriving communities
Policy Framework:	Housing, Homelessness and Rough Sleeping Strategy 2023 – 2028

Recommendations: That Cabinet resolves to:	
1.	Approve the Council becoming part of the Local Authority Housing Fund in order to deliver 6 new affordable homes;
2.	Recommend to Council, the allocation of £2,330,320 capital budget from the Housing Revenue Account, for the Council’s investment to purchase the properties as part of Local Authority Housing Fund;
3.	Delegate authority to the Executive Director (Communities and People) in consultation with; the Cabinet Member for Housing; the Head of Financial Services/Section 151 Officer; and the Head of Law and Governance/Monitoring Officer, to enter into agreements and contracts to facilitate the purchase by the Council of housing (to be held in the HRA) within the identified budget and within the project approval.

Appendices	
Appendix 1	Local Housing Authority Fund Prospectus and Guidance
Appendix 2	Risk Register
Appendix 3 (Confidential)	Memorandum of Understanding

Introduction

1. The Department for Levelling Up, Housing, and Communities (DLUHC) has launched a national £500m Local Authority Housing Fund (LAHF) to support local authorities in providing accommodation to Ukrainian and Afghan families settled in the UK legally under various government schemes following the respective conflicts that have occurred in their countries.
2. Oxford City Council has been identified as a Council in scope for this funding and was recently successful in a proposal to DLUHC to purchase 6 properties. As a condition of the fund, Local Authorities will need to meet part of the funding to purchase the properties, with the rest provided as grant from the fund.
3. The Local Authority Housing Fund will help the Council achieve its corporate priorities, to *deliver more affordable housing and support thriving communities*, and allow us to access funding to both address the immediate pressures of supporting refugee communities to find permanent accommodation, as well as adding to our stock of council housing for the future.
4. This report seeks Cabinet approval to join the LAHF and to recommend to Council approval of the necessary capital budget to purchase the homes, and the necessary delegated powers to complete the acquisitions.

Background to Local Authority Housing Fund

5. The UK has welcomed over 150,000 people from Ukraine through the Ukraine Family Scheme and Homes for Ukraine Scheme since the start of the war. In Oxford City, under the Homes for Ukraine scheme alone, there are approximately 400 guests across approximately 210 addresses including a large number of children (numbers as of March 2023).
6. These efforts come after welcoming around 23,000 Afghans nationally, of whom c. 9,200 are living in bridging hotel accommodation. Locally, Oxford City Council has supported 45 families under other refugee resettlements from Syria, Afghanistan and other countries and in doing so successfully making Oxford their home.
7. As the war in Ukraine continues and households continue to settle, there is a growing need to increase the housing options available. There is also need to support larger Afghan families in the bridging hotels to find settled family homes to move to.
8. Ensuring housing options for refugees moving to the City is aligned to the Council's broader goals of increasing affordable housing options for all those in housing need in Oxford. Refugee households face the same challenges as the broader

population of the City, with an expensive private rented sector and high demand for social housing with long waits for offers. As outlined in the Council's new Housing, Homelessness and Rough Sleeping Strategy the Council has plans to tackle these challenges, and as part of this tailored plans for housing refugees.

9. Access into the private rented sector will be the most important option for many refugee households. Work across Oxfordshire is underway to support access into the sector with support with deposits and rent in advance, but the opportunity from LAHF is that it will allow the Council to purchase 6 properties to offer as affordable social housing for Ukrainian and Afghan refugees.

Local Authority Housing Fund investment

10. The Government announced the creation of the LAHF fund at the end of the last year. The objectives of the fund are to support areas with housing pressures which have welcomed substantial numbers of Ukrainian and Afghan refugees. This is so these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems. It will also help to mitigate the expected increased pressures on local authority resources which arise from the eligible household's sponsorship/family placements/bridging accommodation arrangements come to an end, by increasing the provision of affordable housing available to support these groups.
11. Therefore the fund will help to reduce emergency, temporary and bridging accommodation costs. The fund also brings the benefit that once the household chooses to move on from the accommodation, the unit will return to the Council's housing stock for re-letting open to anyone in general need, so able to meet wider housing need into the future.
12. Following the invite to put forward a bid, the Council entered talks with DLUHC and drew up plans for what could be delivered. All properties delivered through the fund have to be exchanged on by 'best endeavours' November 2023 due to DLUHC funding conditions, and therefore officers have developed a plan that can be delivered by this pressing deadline. DLUHC is committed to funding any contract the Council enters into by November 2023, even if completion occurs after this date.
13. This has resulted in an agreed bid for 6 properties to be acquired from the local housing market. 5 of these properties will be 2-3 bedroom properties for Ukrainian households, and 1 property will be a 4+ bedroom and be used to house an Afghan family from a bridging hotel. All properties will be let on a social rent as a lifetime secure tenancy. DLUHC have approved this proposal and agreed to release funds, subject to the Council making the necessary part investment and meeting the terms of the fund.
14. As with other affordable housing provision, there is a requirement for Local Authorities or other registered provider to part finance a portion of the required capital. For the 'main element' housing (made up of the 5 units for our bid), government funding equates to 40% of total capital costs plus £20,000 per property. For 'bridging element' housing (the one property in our bid), government funding equates to 50% of total capital costs plus £20,000 per property. The Council's proposed investment will come from the Housing Revenue Account.

Options available

15. Recommendation - Oxford City Council to agree to join the fund and make budget provision so it can purchase 6 properties. This is the number of properties that can be acquired based on modelling from previous HRA acquisition programmes, data around available stock on the open market, conveyancing & refurbishment timeframes and that can meet the DLUHC deadline to deliver the properties by November 2023. They will be used to support eligible Ukrainian and Afghan households, as well as delivering a long-term investment for Oxford City Council that will help realise its corporate objective to deliver more affordable housing and support thriving communities.
16. Do nothing – Under this option, the Council would not accept the grant funding that has been made available and therefore not be able to purchase additional properties for the eligible cohort with substantial contribution by the government. Therefore, under the ‘do nothing’ option, the potential benefits referenced in this report will not be realised. The Council will need to consider other accommodation offers to support refugee groups.

Environmental

17. There are few environmental considerations arising directly from this report. Any property purchased into the HRA will comply with the Decent Homes Standard, Housing Health & Safety Rating System (HHSRS) and be of an EPC rating of C or above. If the EPC is not reached then it will result in an investment to ensure EPC C or above that would have a positive environmental impact.

Financial implications

18. As a requirement of the fund the Council is required to part fund or finance some of the required capital. For the 5 “main element” homes, 40% of capital costs are covered by grant, plus £20,000 per property. For the single “Bridging element” property, 50% of capital costs are covered by grant, plus £20,000 per property. This means the Council is forecast to invest up to a total of £2,330,320 on the purchase of the 6 properties, with £1,221,700 being funded from HRA borrowing, and the rest covered by grant of £1,108,620.
19. Payments from our grant allocation are due to be transferred as per the DLUHC payment schedule, and while profiled over 22/23 and 23/24 financial year by DLUHC (see Table 1 which details the grant allocation), in practice all completions will be made in 23/24. See Table 2 for the borrowing required.
20. As a prerequisite to enter into the fund, Council Officers were required to sign a Memorandum of Understanding (MoU) with DLUHC by the deadline of 15th March 2023, a copy of which can be found in appendix 3. This is a commercially sensitive document and as such is confidential and marked not for publication.
21. Financial modelling has been completed by the Council on the impact of schemes on the Individual Interest Cover Ratio and overall impact on the Housing Revenue Account. The impact of the bid on the HRA is positive due to the Council gaining more income from the rents from having these properties than lost in the interest charges on the debt to purchase them. They collectively achieve an initial ICR rating of the interim 1.10 minimum which will increase over time and has an overall negligible impact on the HRA.

22. All of the units purchased will need to meet decorative order standards confirmed by the property team. A budget has been set for all six properties to allow for identified refurbishment works contracted through ODS prior to the unit being ready to let in order to meet HRA standards. Whilst this may lead to increased voids work for ODS, we will seek to manage any operational impact. The Council will take steps to ensure all properties purchased are of a standard that would not require levels of investment beyond the budgeted envelope for the programme.

Table 1

	Year 1 allocation (22/23)	Year 2 allocation (23/24)	Total allocation
Properties for households that meet the eligibility criteria for this Programme	£231,000	£539,000	£770,000
4+ bed properties for households currently in bridging accommodation	£101,586	£237,034	£338,620
Total grant funding	£332,586	£776,034	£1,108,620

Table 2

Bids	LA Housing Fund		
	Main	Bridging	Total
No. of Units	5	1	6
Total Cost	1,711,080	619,240	2,330,320
Borrowing Required	930,300	291,400	1,221,700

Legal issues

23. The agreement with DLUHC is clear it does not create any legal or binding obligations on the Council. If we were to fail to acquire the properties by November 2023 for reasons such as market conditions, the only consequence we would face is to risk losing the grant funding.

24. Increased acquisitions from the open market will require conveyancing. If we are to continue to do this in-house at the Council additional burden will be placed on Legal Services, which has been made aware of this pressure.

Level of risk

25. See risk register at Appendix 2.

Equalities impact

26. The LAHF and proposal to purchase 6 homes is aligned to and forms part of the effort to deliver the Council's Housing, Homelessness and Rough Sleeping Strategy which has been subject to a full equality impact assessment. There are no adverse impacts in undertaking this activity, with the potential to improve provision for persons in housing need through the provision of more affordable housing to better meet client needs.

Report author	Stephen Cohen
Job title	Refugee and Resettlement Manager
Service area or department	Housing Services
Telephone	01865 252569
e-mail	scohen@oxford.gov.uk

Background Papers: None