

# CABINET



**URN:** 23-101

**Report Title:** Temporary Accommodation – Purchase of additional properties

**Report to:** Cabinet

**Date of meeting:** 25<sup>th</sup> July 2023

**Responsible Cabinet Member:** Cllr Graham Plant, Portfolio Holder for Operational Property and Asset Management

**Responsible Director:** Paula Boyce, Executive Director - People

**Responsible Officers:** Tanya Rayner, Housing Options Service Manager & Claire Wilkins, Housing Delivery Manager

**Is this a Key decision?** Yes

**Date added to Forward Plan of Key Decisions if a Key Decision:** Brought forward 28<sup>th</sup> June 2023

## EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

### RECOMMENDATIONS :

This report seeks members approval to purchase 5 properties under the Government's Local Authority Housing Fund (LAHF) Scheme subject to the grant being approved.

In line with the grant agreement, these homes will be used to meet the Borough's Afghan resettlement duties under the Government's dispersal policy which now applies to all Local Authorities. In the longer term the Council is able to use these homes as Temporary Accommodation for other homeless households.

### That Cabinet :

1. Agrees to the purchase five properties to deliver additional Temporary Accommodation as part of the Government's Afghan Resettlement Scheme.
2. **Recommends to Council** the approval of the expenditure of up to £1,230,000 supported by up to £704,000 of Council borrowing to deliver this granted-aided Temporary Accommodation Scheme.
3. Notes that in accordance with the Property Acquisitions and Disposals Policy, the decision to acquire this Temporary Accommodation is delegated to the Executive Director – People and the Section 151 Officer.
4. Subject to Government confirmation, agrees to accept the Local Authority Housing Fund grant funding and conditions, delegating the signing of the Government's Memorandum of Understanding to the Executive Director – People in association with the Portfolio Holder for Operational Property and Asset Management.

## 1. Introduction

- 1.1 In December 2022, the Government's Department for Levelling Up, Housing and Communities (DLUHC) launched the first round of The Local Authority Housing Fund (LAHF). Round 1 provided £500 million in funding to 215 Local Authorities in England, to obtain accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. Great Yarmouth Borough Council did not receive a grant allocation in Round 1 of this Fund.
- 1.2 Round 2 of the Government's LAHF has since been announced and alongside 229 other Local Authorities, Great Yarmouth Borough Council has been provisionally allocated £526,000 in funding to support housing for those on the Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation. The fund can also be used to ease wider homelessness pressures of the borough's resident population through the purchase of additional properties suitable for Temporary Accommodation.
- 1.3 Under the LAHF Scheme, all Local Authorities in England have been given an overall ranking based on several sets of data, including their relative ranking in terms of the number of individuals in bridging hotels in their area as of 31 March 2023. This includes a relative ranking in terms of the level of broader housing pressures. These metrics were used to ensure that the areas facing the greatest

current and future housing pressures have been prioritised in the funding allocation mechanism in Round 2. Hence Great Yarmouth's provisional allocation of £526,000.

## **2. Proposal to Acquire Temporary Accommodation under LAHF Round 2**

2.1 Subject to Cabinet accepting of the LAHF grant when offered, the proposal is to use the grant funding to:

- Reduce the impact on the existing housing and homelessness systems and those waiting for social housing.
- Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment, and integrate into communities.
- Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality Temporary Accommodation to those owed homelessness duties by Local Authorities.
- Reduce emergency, temporary, and bridging accommodation costs.

2.2 With the level of grant funding provisionally allocated via the LAHF, the Council proposes to provide three or four-bedroom homes for the resettlement element and the Temporary Accommodation element. It is a requirement of the funding that it is committed by 31<sup>st</sup> March 2024, however, given the need for additional Temporary Accommodation in the borough and this opportunity to receive match funding to acquire further Temporary Accommodation properties, officers expect that property purchases will be completed by 31<sup>st</sup> March 2024.

2.3 The Council's Preventing Homelessness and Rough Sleeping Strategy states we will provide a supply of good quality affordable Temporary Accommodation for those in need where homelessness cannot be prevented or relieved.

2.4 LAHF supports the Government's humanitarian obligations to provide safe and suitable housing to those fleeing their country and alongside this will support the Council to acquire from the open market, good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty. This enables the Council to grow its asset base, creating sustainable assets to help manage local housing pressures on an ongoing basis.

## **3. Financial Implications**

3.1 It is a grant condition that the LAHF funding of £426,000 equates to no more 40% of total capital costs plus £20,000 per property to account for other costs including refurbishment (so total funding £526,000 from Government). The remaining expenditure of £704,000 will need to be met through Council borrowing to progress this scheme.

3.2 Alongside meeting the percentage criteria, the scheme will be viable and should be cost neutral to the Council. The rental income of the proposed acquired properties will support the level of borrowing plus any expenditure such as repairs and maintenance. The business case for acquisition of these properties also takes into account likely void periods and instances of bad debt.

3.3 On this basis, the Council's financial appraisal model, indicates that £526,000 in funding put towards five larger homes can support a maximum of £704,000 of borrowing giving a total scheme cost of £1,230,000. This equates to a 34% / 66% grant to borrowing ratio and an average cost of £246,000 per property including refurbishment costs and any legal or professional fees.

- 3.4 In all instances the level of borrowing can be repaid over a 40-year period with the Council wholly owning the assets at the end of the period, subject to any further re-financing. In addition to the viability of the potential scheme, the costs of current Temporary Accommodation provision needs to be considered. The cost neutral position of one unit of Temporary Accommodation made possible via the LAHF scheme would result in the Council saving on average £16,000 per year when compared to externally sourced Temporary Accommodation.

## 4 Risk Implications

- 4.1 There is a significant number of local families currently waiting for larger homes, a property type that is in short supply within socially rented stock. In the long term, the houses purchased under this scheme will be used as Temporary Accommodation for any larger families for whom the Council has a homeless duty. This will ensure the needs of local larger families are considered. Alongside this proposed LAHF scheme, the Council's HRA is actively seeking to invest in larger properties. It is acknowledged that current demand far outweighs supply.
- 4.2 There are risks to both timescales and overall costs, in the event that significant expenditure is required to bring properties up to acceptable standards. To reduce the risk of unknown costs, only those properties surveyed as being in reasonable condition that require mainly cosmetic refurbishment will be considered. However due to the age and type of the properties likely to be viewed, this remains a risk and an adequate contingency will be necessary with every assessment.
- 4.3 Whilst there are a number of larger homes available within the borough of Great Yarmouth currently, there is a risk that the Council will fail to find suitable properties to meet the requirements of the funding. Nevertheless, indicative property searches have been undertaken and officers are confident that five suitable properties can be found.
- 4.4 Currently market values appear stable, although increases in values significantly impacted on a previous project. The current bank interest rate rises will also need to be considered. The budget at this time is considered adequate and to mitigate this risk, should the scheme gain approval from Government and members, properties will be sourced as soon as possible.
- 4.5 The funding, if accepted, will be paid in two tranches. Tranche 2 allocation will only be paid if the Council can demonstrate that at least 60% of the Tranche 1 allocation has been committed. To meet this requirement, the Council will progress the sale of the first property by October 2023. Whilst this is a risk, it is a target that the Project Team is confident it can meet.

## 5 Legal Implications

- 5.1 The Council is able to hold in the General Fund, and let on license, homes to be used for temporary and settled accommodation for homeless households.
- 5.2 At the time of writing this report, the Council has submitted an Expression of Interest to Government (30 June 2023), this was a non-committal expression subject to members' agreement.
- 5.3 To receive the LAHF grant contribution, the Council is required to sign a Memorandum of Understanding by the 14 August 2023 at the latest. In anticipation given the time constraint for this scheme, the MoU has been reviewed by NP Law. The key points highlighted in relation to delivery timescales and spend will be set out in the MoU however, the MoU does not create a legally binding obligation upon the Council. Should the scheme not progress, any unspent funding would need to be returned to DLUCH. Failure to deliver may also impact on the Government's confidence for future investment schemes.

- 5.4 The Council's officer project team is resourced to deliver this programme of Temporary Accommodation homes to alleviate the lack of housing supply.

## 6 Conclusion

- 6.1 As with all Local Authorities, Great Yarmouth is now considered to be a dispersal area for families under the Government's resettlement schemes. Previously ringfenced to Norwich only for Norfolk's resettlement population, and even if the Council chooses not to progress with the LAHF funding, we will still be required to provide accommodation as part of the Government's Afghan dispersal programme.
- 6.2 The provisional grant funding offer under the Government's LAHF Scheme offers a viable opportunity to increase the Council's owned Temporary Accommodation portfolio and support the ongoing efforts to reduce expenditure on more costly forms of Temporary Accommodation. The use of Bed & Breakfast is not sustainable nor is it suitable for dispersal accommodation. Therefore purchasing additional Temporary Accommodation units will secure long term provision of Temporary Accommodation for residents in the future years.

## 7 Background Papers

Preventing Homelessness and Rough Sleeping Strategy 2018-2023

| Consultations                     | Comment   |
|-----------------------------------|---|
| Monitoring Officer Consultation:  | Via ELT   |
| Section 151 Officer Consultation: | Via ELT   |
| Existing Council Policies:        | Property Acquisitions and Disposals Policy 2021 |
| Equality Issues/EQIA assessment:  | As part of the Temporary Accommodation Scheme   |