
Executive Decision Report

**Increasing the supply of new Affordable Housing:
Local Authority Housing Fund to secure 27 new
affordable homes.**

Decision to be taken by: Deputy City Mayor for Housing
and Neighbourhoods

Decision to be taken on: 5 March 2024

Lead director/officer: Chris Burgin

Useful information

- Ward(s) affected: All
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- Report version number: V4

1. Summary

This report seeks approval for the use of £6.7m to secure 27 affordable housing units across the city, funded from £3m of grant (Local Authority Housing Fund) and £3.7m of HRA borrowing. This will be used to meet the needs specified in the grant conditions, notably for refugee resettlement and to alleviate pressures on homelessness services.

2. Recommended actions/decision

That the City Mayor approves:

- i) the use of £6.7m, to secure 27 affordable housing units across the city to meet the objectives outlined in this report;
- ii) the addition of £6.7m to the 2023/24 HRA capital programme financed from £3m of LAHF grant and £3.7m of prudential borrowing.

3. Scrutiny / stakeholder engagement

Discussions on this scheme have been held with DLUHC.

4. Background and options with supporting evidence

The Department of Levelling Up Housing and Communities (DLUHC) launched the LAHF Round 1 on 14 December 2022 which included a £500m capital grant fund to support local authorities in England to provide sustainable housing for those unable to secure their own accommodation that meet the eligibility criteria outlined in the LAHF Round 1 prospectus [Local Authority Housing Fund Prospectus and Guidance \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

The objectives of LAHF Round 1 are noted below:

- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provide sufficient longer-term accommodation to those they support.
- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
- Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined at section 3.2 of the Prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing available to local authorities to support those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation.

- Reduce emergency, temporary and bridging accommodation costs.
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends).
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort.
- Reduce pressures on the existing housing and homelessness systems and those waiting for social housing.

DLUHC launched the LAHF Round 2 on 7th June 2023 which included a £250m capital grant fund to provide sustainable housing for those on Afghan resettlement schemes (ARAP/ACRS) who currently reside or formerly resided in bridging accommodation and to ease the wider homelessness pressures. Further information is noted in the LAHF Round 2 prospectus [Local Authority Housing Fund: Round 2 prospectus and guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/1141442/Local_Authority_Housing_Fund_Round_2_prospectus_and_guidance.pdf)

The objectives of LAHF Round 2 are noted below:

- 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 families owed homelessness duties by LAs.
- Reduce emergency, temporary and bridging accommodation costs.
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

5. Detailed report

DLUHC approved both Leicester City Council's (LCC) LAHF Round 1 and LAHF Round 2 plan to purchase and repair 27 units in total. LCC has signed the LAHF Round 1 and LAHF Round 2 Memorandum of Understanding's and grant determination letter's with DLUHC to accept the grants. The breakdown and LAHF grants awarded is shown in the table below:

LAHF Grant	LAHF Grant amount (£)	Total units to provide
LAHF R1 (main) eligible Ukrainian rehousing	1,159,600	13
LAHF R1 (bridging) eligible Afghan rehousing	769,529	4
LAHF R2 (resettlement) eligible Afghan resettlement schemes	867,200	8
LAHF R2 (TA) eligible homeless households	216,800	2
TOTAL	3,013,129	27

LCC are match-funding these grant monies with £3.7m HRA borrowing to provide the necessary financing to support these property purchases.

6. Financial, legal, equalities, climate emergency and other implications

6.1 Financial implications

This report seeks to add £6.7m to the HRA capital programme to finance the acquisition of 27 units of accommodation. In total, the grant funding represents just under 45% of the total cost of acquisition, which compares favourably with other funding sources for affordable housing. Because public subsidy is being used to part-fund the purchase, Stamp Duty Land Tax will not apply.

The acquisitions will provide the HRA with a long-term income stream to repay the cost of borrowing, and make a positive contribution to HRA finances.

Stuart McAvoy – Head of Finance

6.2 Legal implications

Commercial legal implications

The report seeks approval for the use of grant funding from DLUHC to provide affordable housing units across the city.

Subsidy control advice has been sought from Legal Services and on the basis of the information provided by clients, it is considered that the receipt of the grant from DLUHC will not constitute a subsidy for the purposes of the Subsidy Control Act 2022.

The report does not specify whether any contracts will be entered beyond the purchase of the units. If the Council is intending to use the funding for repairs and improvement works to the properties, then such contracts may only be entered into after following a procurement process compliant with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

Tracey Wakelam
Principal Lawyer
Commercial, Property and Planning

The Council can acquire land and property for the provision of housing accommodation pursuant to Sections 9 and 17 of the Housing Act 1985 (as amended).

Title investigations will need to be undertaken in respect of each purchase. Each property will need to be acquired with vacant possession to meet the housing need. The Council will therefore need to undertake a full due diligence exercise in respect of each property. This due diligence exercise will reveal, amongst other things, any potential risks in terms of planning and building regulation compliance or the need to obtain retrospective approval, defects in title, planning enforcement action. It is anticipated the Council will have full information and disclosure before completion.

Zoe Iliffe
Principal Lawyer
Property, Planning and Highways

6.3 Equalities implications

When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report seeks approval for the use of up to £6.7m, to secure 27 affordable housing units across the city to meet the needs specified in the LAHF R1 and R2 Memorandum of Understanding and prospectus. Provision of good quality homes that help to address housing need are likely to have positive impacts in terms of the aim of the PSED to advance equality of opportunity for people from across all protected characteristics.

It is important that any new housing is well designed and can contribute to a good quality of life and meet the diverse needs of residents. Accessible and inclusive design will support the general aims of the PSED. The Council must ensure that all LAHF funded activity is delivered in accordance with its obligations under the public sector equality duty (PSED).

Equalities Officer, Surinder Singh, Ext 37 4148

6.4 Climate Emergency implications

Housing is one of the largest sources of carbon emissions in Leicester, responsible for 33% of emissions. Following the city council's declaration of a Climate Emergency and its aim to achieve net zero carbon emissions, addressing the emissions from housing is vital to the council's efforts to reduce carbon emissions. This is particularly important within the council's own housing stock, including new purchases, where it has the greatest level of control.

Opportunities to ensure that these acquisitions will provide energy efficient low carbon housing should be investigated as relevant, which is likely to depend on the status of the buildings at the time of purchase. This could include consideration of the levels of insulation, use of low energy lighting and appliances and the installation of low carbon heating and renewables and potential improvements that could be made. Achieving a high level of energy efficiency would reduce the energy bills and carbon emissions of the property and could also increase its value and the level of comfort for occupants.

Aidan Davis, Sustainability Officer, Ext 37 2284

6.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

7. Background information and other papers:

None

8. Summary of appendices:

None

9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

10. Is this a “key decision”? If so, why?

Yes, because it seeks a decision on capital funding in excess of £1m.