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# **Executive Decision Report**

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

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

Decision to be taken on: 17 September 2024

Lead director/officer: Chris Burgin

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### **Useful information**

- Ward(s) affected: City Wide
- Report author: Simon Nicholls
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- Report version number: v.1

## **1. Summary**

The council has previously successfully bid for and received £3,880k in Local Authority Housing Fund (LAHF) funding to deliver 35 new homes. In July 2024 the government confirmed a third round of LAHF funding and Leicester City Council has been offered £2,758k to part-fund an additional 24 units to reduce local housing pressures, reduce temporary accommodation costs, and provide sustainable housing for Afghan citizens settling in the UK.

This report seeks approval to add £6,024k to the HRA Capital Programme to secure 24 affordable housing units across the city, funded from £2,758k of LAHF capital grant and £3,266k of HRA borrowing.

## **2. Recommended actions/decision**

That the City Mayor approves:

- i) the use of £2,758k of LAHF grant to secure 24 affordable housing units across the city to meet the objectives outlined in this report;
- ii) the addition of £6,024k to the 2024/25 HRA capital programme financed from £2,758k of LAHF grant and £3,266k 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 7<sup>th</sup> 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 \(www.gov.uk\)](http://www.gov.uk)

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.

DLUHC launched the LAHF Round 3 in July 2024 which included a £450m capital grant fund to provide more high-quality temporary accommodation for homeless families and to provide housing for those on the Afghan Citizens Resettlement Scheme (ACRS)

The objectives of LAHF 3 are noted below:

- Reduce local housing pressure and use of expensive and unsuitable accommodation, by providing better quality temporary accommodation to those owed homelessness duties by local authorities.
- Reduce temporary accommodation costs.
- Provide sustained settled housing to those on ACRS so that they can build new lives in the UK, find employment and integrate into communities.
- Support local housing markets by assisting the delivery of new stock or new developments to grow overall housing supply.

DLUHC approved both Leicester City Council's (LCC) LAHF Round 1 and LAHF Round 2 plan to purchase and repair 35 units in total.

The breakdown of LAHF grants previously awarded is shown in the table below, the line highlighted in red shows the additional funding which is the subject of this report.

<b>LAHF Grant</b>	<b>LAHF Grant amount (£)</b>	<b>Total units to provide</b>
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
LAHF R2(additional monies) TA eligible households	867,200	8
<b>LAHF R3(TA) eligible homeless households</b>	<b>1,921,000</b>	<b>17</b>
<b>LAHF R3(resettlement) eligible Afghan resettlement scheme</b>	<b>565,000</b>	<b>5</b>
<b>LAHF R3(resettlement) eligible Afghan resettlement scheme, large properties</b>	<b>272,000</b>	<b>2</b>
<b>TOTAL</b>	<b>6,638,329</b>	<b>59</b>

LCC are match-funding this additional grant money with £3,266k of HRA borrowing to provide the necessary financing to support these property purchases.

## 5. Financial, legal, equalities, climate emergency and other implications

### 5.1 Financial implications

This report seeks to add £6.024m to the HRA capital programme to finance the acquisition of 24 units of accommodation. In total, the grant funding of £2.758m represents just under 46% 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 residual purchase cost of £3.266m will be financed from prudential borrowing. The acquisitions will provide the HRA with a long-term income stream to repay the cost of this borrowing, along with associated interest costs, and make a positive contribution to HRA finances.

Signed: Stuart McAvoy – Head of Finance

Dated: 13<sup>th</sup>. August 2024

### 5.2 Legal implications

#### **Commercial**

The report seeks executive approval of the Authority's involvement in the Local Authority Housing Fund (LAHF) for the use of grant funding from DLUHC to provide temporary accommodation. The Authority will need to consider any funding obligations attached to the use of the funds including any funding agreement is reviewed so the Authority can comply with its obligations, further whether relevant obligations are cascaded down to ensure delivery of the Project meets the funding objectives. Legal Services can assist with this.

Subsidy control advice should be sought from Legal Services to ensure that the grant from DLUHC will not constitute a subsidy for the purposes of the Subsidy Control Act 2022 including any forward funding.

In delivering the project (which the report does not specify how) any commissioning will need to be in accordance with the Authority's Contract Procedure Rules and the Public Contracts Regulations 2015 – early Procurement and Legal engagement to be sought.

Signed: Mannah Begum - Principal Lawyer - Commercial, Property and Planning

Dated: 9<sup>th</sup>. August 2024

### 5.3 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.

This report seeks approval for the use of £5,520,000m to secure 24 affordable housing units across the city to meet the objectives outlined in this report. 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).

Signed: Surinder Singh, Ext 37 4148

Dated: 9<sup>th</sup>.August 2024

#### 5.4 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

Dated: 9<sup>th</sup>. August 2024

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

n/a

#### **6. Background information and other papers:**

#### **7. Summary of appendices:**

**8. 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)?**

**9. Is this a “key decision”? If so, why? Yes**

**In excess of £1m added to the HRA capital programme**

**Affects several wards.**