

Local Authority Housing Fund Round 3 – Funding for Temporary Accommodation	
Executive Summary	North Norfolk District Council has been successful in bidding for Round 3 funding through the Government’s Local Authority Housing Fund (LAHF). This report sets out proposals to use the £588,000 of LAHF grant to help purchase a further six units of Temporary Accommodation for homeless households.
Options considered	<ol style="list-style-type: none"> 1. To accept the LAHF grant to help fund purchase of six homes for use as temporary accommodation, with the Council providing the match funding and staffing resources to undertake the purchases and necessary repairs to the properties by April 2026. 2. To not accept the LAHF grant funding offered
Consultation(s)	Portfolio Holder for Housing and Peoples’ Services; Officers in Housing Options, Estates and Property Services
Recommendations	<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Agree to accept the £588,000 of Local Authority Housing Fund grant 2. Use the LAHF grant to part fund the purchase six further units of temporary accommodation, with one to be prioritised for Afghan resettlement households. 3. Seek approval from full Council to allocate £0.9m of the additional income from the Second Homes Premium (both from the County Council and District Council elements) as match funding for the LAHF grant. 4. Give delegated authority to the Section 151 Officer, in consultation with the Portfolio Holder for Housing and Peoples’ Services, to agree the actual purchases of up to six properties (within the identified budget limits).
Reasons for recommendations	To seek approval for the Council to accept the LAHF grant and use the grant to help acquire further homes to use as temporary accommodation
Background papers	<p>Cabinet October 2023 – Round 2 Local Authority Housing Fund</p> <p>Cabinet June 2023 - Purchase of Temporary Accommodation Unit</p> <p>Cabinet March 2023 – LAHF Round 1 Opportunity</p> <p>Cabinet November 2022 - Purchase of Temporary Accommodation Unit</p>

Wards affected	Districtwide
Cabinet member(s)	Cllr Fredericks, Portfolio Holder for Housing and Peoples' Services
Contact Officer	Nicky Debbage, Housing Strategy & Delivery Manager, nicky.debbage@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	Meeting our Housing Need.
Medium Term Financial Strategy (MTFS)	The six homes acquired will be used for Temporary Accommodation for homeless households delivering financial savings compared to the cost of alternatives such as bed and breakfast accommodation. There will need to be a revenue repairs and maintenance budget set aside for each of the properties. The purchase of each unit will give the authority an additional non-current asset which if sold would generate a capital receipt for the authority.
Council Policies & Strategies	NNDC Housing Strategy 2021-2025 Homelessness and Rough Sleeper Strategy

Corporate Governance:	
Is this a key decision	Yes
Has the public interest test been applied	NA
Details of any previous decision(s) on this matter	NA

1. Purpose of the report

- 1.1 This report sets out details of the Round 3 Local Authority Housing Fund (LAHF) grant that NNDC has been offered to acquire six homes to meet housing need. The report recommends NNDC accepts the grant and acquires these homes to be used as temporary accommodation (TA) for homeless households.

2. Introduction & Background

- 2.1 NNDC has been successful in bidding for two previous rounds of LAHF grant. In December 2022 we were awarded £205k LAHF1 to help provide one larger 4+ bed home and in June 2023 we were awarded LAHF2 of £560k to help acquire four family homes.
- 2.2 The two previous LAHF grant awards have been key in helping to deliver the Council's portfolio of TA homes. The Council now has 25 properties used as temporary homes for homeless households. The properties have been

acquired over the last eight years, at a total cost of £4.3m, but supported by £2.2m of various types of grant funding. Five of the current properties provide housing for up to 2-years for ex-rough sleepers and the remaining 20 are used as TA. Four of these TA homes are to be prioritised for Afghan resettlement households, in line with the terms of the government grant. Thus far NNDC has not accommodated any Afghan resettlement households and has used the homes as general TA.

- 2.3 Homelessness remains a major challenge in the District and the Council regularly needs to accommodate 60+ households in TA, so there is still a need for more quality temporary accommodation in order that it does not need to resort to less suitable and more expensive bed and breakfast accommodation.

3. LAHF3 grant

- 3.1 NNDC was invited to submit a bid for Local Authority Housing Fund Round 3 grant in January of this year and was successful in securing £588k of grant to help with the purchase of four homes (three for general TA and one to be prioritised for Afghan resettlement).
- 3.2 However, through negotiations with colleagues at the Ministry of Housing Communities and Local Government, the Council has been given permission to purchase our initial request of six homes in the LAHF grant agreement. This means the Council will receive £588k grant for six homes, but the purchases will all be exempt from Stamp Duty. This will help deliver value for money on purchases, which would otherwise have been subject to an additional cost of 5% Stamp Duty Land Tax.
- 3.3 The Council currently has a capital budget of £1.4m included in the 2025/26 capital programme to purchase TA properties. It is intended that the grant funding be used to part fund these purchases, which were previously to be funded by borrowing.
- 3.4 It is proposed, to acquire the homes as quickly as possible, to purchase six homes from the open market. Analysis on the need for TA placements shows that need is split broadly equally between singles/couples (130 placed in TA in 2023/24) and families with children (140 placed in TA in 2023/24). However the duration of stay in TA is longer for families. Therefore, both in terms of costs, but also importantly in terms of the impact on families living for prolonged periods of time in nightly paid accommodation with limited space and facilities, the biggest impact the Council can have, if acquiring more TA homes, would be to acquire family homes.
- 3.5 The LAHF grant is primarily aimed at delivering more family homes. That, together with the analysis of the future need for TA, means it is intended to use the grant to help purchase four family homes (2 or 3-bed). However, the current portfolio of homes includes very few 1-bed homes so it is also intended to purchase two x 1-bed TA homes. The current portfolio of Council-owned TA consist of:

1-beds	6 (5 for ex-rough sleepers)
2-beds	7
3-beds	9

4-beds	3
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These additional six purchases will bring the total to 31 homes, 8 x 1-bed and 23 x family homes.

- 3.6 The homes for TA need to be in localities with a reasonable range of facilities. Public transport links are particularly important, as households needing TA could have come from any part of the District and may need to maintain school, employment or family connections whilst placed in TA and may not have access to private means of transport. The availability of modern, good standard homes at a reasonable price means the largest number of current TA owned by the Council are located in North Walsham (11 homes). The remainder of homes are spread across the District - seven homes in the West (Holt, Fakenham, Briston), four homes in Central coastal (Sheringham, Cromer, Mundesley) and three in the East (Stalham, Hoveton, Ludham). The aim is to ensure that any new purchases will provide a good geographical spread of homes.
- 3.7 Any homes purchased must be modern, in good condition and with good energy efficiency standards (an EPC rating of at least C). Analysis of properties for sale shows there are homes that meet these criteria and are available at a reasonable price. It is estimated that acquiring six further homes for TA will, including legal costs and allowing for minimal repairs to bring them into use, requires a budget of around £1.5m. A budget of £1.488m for TA has already been included in the 2025/26 capital programme. This includes carry forward of £88,262 from 2024/25 yet to be approved when the outturn position is reported in July to Cabinet. Therefore, in addition to the £588k LAHF grant, Council match funding of £900k will be needed (which was previously identified as being borrowing).
- 3.7 If members agree to accept the funding, the LAHF grant will be paid in two tranches, one in April 2025 and the second/remaining grant once 80% spend of the first tranche payment has been demonstrated. The Government aims for all homes to be delivered by April 2026. Our aim would be to purchase homes and bring them into use as soon as possible to alleviate the need for other more costly and less suitable forms of meeting TA needs.

4. Corporate Priorities

Providing more affordable homes in the District is in line with the Corporate Plan priority of “*Meeting Our Local Housing Need*” and specifically the aims of “*Increasing our portfolio of Temporary Accommodation to support residents in crisis*” and “*Working with national, regional and local partners to support the needs of refugees*”.

Adding to the Council’s stock of good quality TA homes helps deliver financial savings to the Council’s revenue budget, when compared to the costs of more expensive, and inferior, bed and breakfast type TA. There will additional costs associated with the maintenance of these homes, but the Council will also generate rental income from the homes.

5. Financial and Resource Implications

The Council will be required to match-fund the £588k LAHF grant with an estimated £900k of mainstream funding. Cabinet have already agreed that

the additional funding that it will receive from additional Council Tax, raised from the 100% Council Tax premium on Second Homes, could be used for affordable housing and to alleviate homelessness. Therefore, this income could potentially be used to fund the purchase of six further TA homes.

Recent research commissioned by the Council from the East of England Local Government Association (EELGA), confirmed that the Council's own portfolio of TA offered better value for money than the alternatives such as nightly paid (bed and breakfast) accommodation. EELGA, in discussion with the Property Services team, also identified that within current staffing resources, the council had the capacity to manage and maintain further TA homes.

Staff resources have been identified to support the legal processes involved in the purchase of the six additional homes.

Comments from the S151 Officer

Acceptance of the grant will reduce the need to borrow to provide the six units of temporary accommodation and therefore should be accepted. It will require match funding by the Council but this is already included in the Capital program.

6. Legal Implications

The Council is able to hold in the General Fund, and let on license, homes to be used for TA for homeless households.

The Memorandum of Understanding for acceptance of the LAHF grant has been checked by Eastlaw. The Memorandum commits NNDC to using best endeavours to meet the LAHF requirements. However, if it is unable to deliver, the Council is able to return the grant with no penalties.

Legal input will be required to ensure effective conveyancing and to identify any legal constraints on properties that are considered for purchase.

Comments from the Monitoring Officer

This report considers the acceptance of funding for the purchase of temporary accommodation, once accepted the Council needs to use its best endeavors to comply with the LAHF requirements

7. Risks

- 7.1 The LAHF will provide grant to help the Council to provide homes for Temporary Accommodation for homeless households, with some homes prioritised for Afghan refugees. The fund aims to relieve pressure on existing limited temporary and affordable housing. The LAHF is a national scheme which will see additional funding for housing purposes in North Norfolk. There is some risk that local people in housing need might feel the Council's focus is on meeting the needs of refugees rather than existing residents and this situation would need to be sensitively managed. However, as is highlighted above, so far none of the homes the Council has purchased with LAHF grant, which were to be prioritised for Afghan households, have been used for this purpose, as the need has not arisen, and all are being used as general TA.

7.2 NNDC will be responsible for the acquisition, long-term management and maintenance of the six homes and for managing the associated financial risks, which can be summarised as:

- Risk of failing to deliver homes within target prices and costs over-running – mitigated by setting realistic budget for purchase and closely monitoring costs
- Risk of failure to deliver homes within tight timescales – mitigated by early identification of suitable homes
- Risk of purchasing homes that do not offer value for money – mitigated by requiring an independent valuation and condition survey of homes prior to purchase.
- Risk of homes incurring rising management and maintenance costs – mitigated by purchasing modern, good condition homes requiring very limited repair.

7.4 There is a reputational risk with MHCLG if NNDC fails to deliver six homes by April 2026. Initial research indicates that there are suitable homes available within the target price range. The risk can be managed by identifying suitable properties as soon as possible and being able to move swiftly to agree purchase, which will leave time to complete purchases and carry out any repairs and safety checks before the April 2026 deadline.

7.5 However, the risks of not taking the funding are:

- Risk of not meeting the housing needs of the fund's eligible households. Afghan households may still present to the Council as homeless and the responsibility for providing them with Temporary Accommodation and supporting them to find secure accommodation would remain. This would put further strain on housing and staff resources, but without the benefit of the additional LAHF homes.
- Risk the increasing use of inappropriate and expensive (nightly paid) temporary accommodation.

8. Net Zero Target

Homes purchased for use as TA will need to achieve good energy standards, and improvements to heating and insulation will be undertaken where required to ensure this – the aim will be for homes purchased to have an Energy Performance Certificate rating of at least C (preferably a B) if possible to achieve this within the agreed budget. However, the addition of these properties to our estate will increase the Council's carbon footprint. This will need to be off-set in order to achieve the carbon net zero policy by 2030. As the homes purchased will be existing homes, the overall 'community' emissions will not increase as a result of purchases.

9. Equality, Diversity & Inclusion

One of the homes will be prioritised for use as resettlement temporary accommodation for Afghan refugee households. Long-term, all the homes would be available to households on the Council's housing list as temporary accommodation. Therefore, there are not considered to be any negative impacts on EDI.

10. Community Safety issues

The Council will work with partner agencies to ensure the safety of households accommodated in these properties.

11. Conclusion and Recommendations

- 11.1 If NNDC takes up the offered Round 3 LAHF funding, this would help fund six additional properties to be used as Temporary Accommodation for homeless households. One of the six homes would initially be prioritised to resettle Afghan households.
- 11.2 NNDC have a capital budget of £1.488m (subject to approval of the carry forward of £88k underspend in 2024/25 in the outturn report in July) to purchase properties for Temporary Accommodation. The Council will collect, for the first time, additional council tax income from charging a Second Homes Council Tax premium (there will be both district council and county council shares of the additional income) which could be used as the match funding element for these purchases. The purchase of six further homes will bring the total number of properties held to 31.
- 11.3 It is recommended that Cabinet:
- Agree to accept the £588,000 of Local Authority Housing Fund grant
 - Use the LAHF grant to help fund the purchase six further units of temporary accommodation, with one to be prioritised for Afghan resettlement households.
 - Seek approval from full Council to allocate £0.9m of the additional income from the Second Homes Premium (both from the County Council and District Council elements).
 - Give delegated authority to the Section 151 Officer, in consultation with the Portfolio Holder for Housing and Peoples' Services, to agree the actual purchases of up to six properties (within the identified budget limits).