

<b>Local Authority Housing Fund Round 4 - Purchase of Temporary Accommodation</b>	
<b>Executive Summary</b>	North Norfolk District Council has been offered funding for 2026/27 in Round 4 of the Government's Local Authority Housing Fund (LAHF). This report sets out proposals to accept the grant offered (£611k) or, if successful in our bid, at the higher level of £871k to help purchase a further four or six units of Temporary Accommodation for homeless households.
<b>Options considered</b>	<ul style="list-style-type: none"> <li>- To accept the LAHF grant to help fund (dependent on level of grant secured) purchase of four or 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 2027.</li> <li>- To not accept the LAHF grant funding offered</li> </ul>
<b>Consultation(s)</b>	Portfolio Holder for Housing and Peoples' Services. Officers in Housing Options, Estates and Property Services
<b>Recommendations</b>	<p>It is recommended that Cabinet:</p> <ul style="list-style-type: none"> <li>- Agree to accept the £871,000 of Local Authority Housing Fund grant if successful in our higher bid, or (if not successful with the higher bid)</li> <li>- Agree to accept the £611,000 of Local Authority Housing Fund grant (as per the original offer)</li> <li>- Use the LAHF grant to part fund the purchase of four or six (dependent on level of grant secured) further units of temporary accommodation</li> <li>- Give delegated authority to the Section 151 Officer [or other member of Corporate Leadership Team] in consultation with the Portfolio Holder for Housing and Peoples' Services, to agree the actual purchases of the properties (within the identified budget limits).</li> </ul>
<b>Reasons for recommendations</b>	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
<b>Background papers</b>	<p>Overview and Scrutiny January 2025 - Analysis of the performance of the Council's Temporary Accommodation properties 2024/25</p> <p>Cabinet March 2025 - Local Authority Housing Fund Round 3 - Purchase of Temporary Accommodation</p> <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>

<b>Wards affected</b>	Districtwide
<b>Cabinet member(s)</b>	Cllr. Jill Boyle, Portfolio Holder for Housing and Peoples' Services
<b>Contact Officer</b>	Nicky Debbage, Housing Strategy & Delivery Manager, <a href="mailto:nicky.debbage@north-norfolk.gov.uk">nicky.debbage@north-norfolk.gov.uk</a>

<b>Links to key documents:</b>	
Corporate Plan:	Meeting our Housing Need.
Medium Term Financial Strategy (MTFS)	The homes acquired will be used for Temporary Accommodation for homeless households delivering financial savings compared to the cost of alternatives such as nightly paid accommodation. There will need to be a revenue repairs and maintenance budget set aside for each of the properties.
Council Policies & Strategies	NNDC Housing Strategy 2021-2025 Homelessness and Rough Sleeper Strategy

<b>Corporate Governance:</b>	
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 4 Local Authority Housing Fund (LAHF) grant that NNDC has been offered to acquire four or six homes to meet housing need (dependent on the success of our bid for a higher level of grant). The report recommends NNDC accepts the grant and acquires these homes to be used as temporary accommodation (TA) for homeless households. The grant requires that some homes are to be prioritised for homeless Afghan households resettled as part of the Afghan Resettlement Programme.

## 2. Introduction & Background

- 2.1. NNDC has been successful in bidding for four previous rounds of LAHF grant:
- December 2022 we were awarded £205k LAHF1 to help provide one larger 4+ bed home for Afghan resettlement (plus grant to support Flagship to purchase 10 homes)
  - June 2023 we were awarded LAHF2 of £560k to help acquire four family homes, with three to be prioritised for Afghan resettlement.

- March 2024 we were awarded a further £280k of LAHF2 underspend to purchase two more homes – one to be prioritised for Afghan resettlement.
  - January 2025 we were awarded £588k of LAHF Round 3 Reallocation to help purchase of four homes (three for general TA and one to be prioritised for Afghan resettlement). However, through negotiations with colleagues at the Ministry of Housing Communities and Local Government, the Council agreed to purchase 7 homes, with all purchases to be exempt from Stamp Duty.
- 2.2. In summary NNDC have so far received £1.633m of LAHF grant to help acquire 14 homes (6 prioritised for Afghan resettlement) and have passed on a further £1.04m of grant to Flagship to purchase 10 new affordable homes.
  - 2.3. The LAHF grant awards have been key in helping to deliver the Council's portfolio of TA homes. The Council now has 29 properties with a further three currently being purchased to bring the total to 32. Five of the properties provide housing for up to 2-years for ex-rough sleepers and the remaining 27 are/will be used as TA. As set out above, six of these TA homes are to be prioritised for Afghan resettlement households, in line with the terms of the government grant. NNDC has not yet had a formal nomination to accommodate an Afghan resettlement household and has therefore used all the above homes as general TA.
  - 2.4. 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 nightly paid accommodation.

### **3. LAHF4 grant**

- 3.1 On 19<sup>th</sup> of November LAHF contacted us to offer a further £611,000 of grant in 2026/27 to help acquire four properties; two for TA and two for Afghan resettlement (one of which should be a large 4 bed or more home). This time we are also being offered an additional indicative allocation of £4,145 revenue funding to help support the delivery of these homes. This could, for example, help pay for surveys or the conveyancing costs of homes.
- 3.2 NNDC were also invited to submit an expression of interest in a higher level of grant to acquire more homes. We have therefore requested grant of £871,000 to help acquire six properties; three for TA and three for Afghan resettlement (including one large 4 bed or more home). We should receive confirmation of the level of grant we have been awarded shortly.
- 3.3 Our recent experience of buying homes means we are confident that good properties can be acquired for an average cost (including acquisition costs and any initial repairs needed) of £250,000 per property. Therefore, to acquire four properties would require a budget of £1m; and to acquire six properties would require £1.5m. The proposed capital programme for 2026/27 includes a £1m budget for acquisition of TA. The establishment of an annual budget will allow us to increase the portfolio of TA in a steady and incremental way, supporting better planning and value for money.
- 3.4 The match funding required to acquire of four properties for £1m, with LAHF grant of £611k is £389k would be required. Acquisition of six properties for £1.5m, with £871k of LAHF grant, would require £629k of match funding.

- 3.5 The LAHF grant is paid in two tranches. The first tranche will be paid in April 2026. The second tranche is paid once government have received confirmation from us that we have committed 60% of the first tranche of grant funding. If Cabinet support the acceptance of the LAHF grant and acquisition of more TA homes, officers will begin to identify suitable properties as soon as possible. That should ensure we are able to acquire homes early in 2026/27 and receive the second tranche of grant funding early in the financial year.
- 3.5 The council will by the end of 2025/26 have a portfolio of 32 homes used for homelessness. The LAHF grant will support the acquisition of a further four or six family homes for TA, bringing the portfolio up to 36 or 38 homes.

#### **4. Corporate Priorities**

- 4.1 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”*.
- 4.2 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 be additional costs associated with the maintenance of these homes, but the Council will also generate rental income from the homes.
- 4.3 Analysis of the performance and value for money of the council’s portfolio of homes used for Temporary and other homelessness accommodation (TA) in 2024/25 was reported to Overview & Scrutiny in January 2025. In summary the analysis showed that:
- Compared to nightly paid accommodation, our own TA delivers significant savings as well as a considerable improvement to the lives of those accommodated.
  - The performance of our TA has improved greatly, and in 2024/25 alone our TA saved us more than £640k compared to use of nightly paid inferior accommodation.
  - Over the last four years (2021/22-24/25) savings have totalled £1.36m. In recent years, the rental income from our TA has exceeded direct costs and resulted in a surplus.

#### **5 Financial and Resource Implications**

- 5.1 As set out above – dependent on the level of grant we are successful in receiving – a budget of £1m or £1.5m will be required with match funding of £389k or £629k. The Council has already proposed an annual TA budget of £1m per annum; success in being awarded LAHF grant will help fund a substantial part of this budget. If the Council agrees with Norfolk County Council to retain a larger share of Second Homes Council Tax in 2026/27 this could be used to match fund the LAHF grant.
- 5.2 Analysis of our existing portfolio of TA undertaken in 2025 confirmed that the Council’s own TA offered significantly better value for money than the alternatives such as nightly paid (bed and breakfast) accommodation.
- 5.3 There would clearly be further management and maintenance implications of acquiring more TA properties. However, an independent review of our TA

carried out by the East of England Local Government Association identified that, within current staffing resources, the council had the capacity to manage and maintain further TA homes. Staff in Property Services and Housing Options were consulted ahead of expressing an interest in the LAHF grant and confirmed they are able to manage and maintain the increase in our TA portfolio.

**Comments from the S151 Officer:**

*Acceptance of the grant will reduce the need to borrow to provide units of temporary accommodation and therefore should be accepted. It will require match funding by the Council and sufficient funds will be included in the Capital program.*

**6 Legal Implications**

- 6.1 The Council is able to hold in the General Fund, and let on license, homes to be used for TA for homeless households.
- 6.2 The Council is required to sign a Memorandum of Understanding for acceptance of the LAHF grant and acquisition of the homes. As NNDC has been successful in previous rounds of LAHF, this Memorandum has been checked and approved by Eastlaw. The Memorandum commits NNDC to using best endeavours to meet the LAHF requirements. However, if it is unable to deliver, the Council can return the grant with no penalties.
- 6.3 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 endeavours 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 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 government if NNDC fails to acquire the homes by April 2027. 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 2027 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 ZeroTarget**

- 8.1 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 it is 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**

- 9.1 Two (if four homes purchased) or three (if six purchased) 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**

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

### **Conclusion and Recommendations**

North Norfolk District Council has been offered funding for 2026/27 in Round 4 of the Government's Local Authority Housing Fund (LAHF). If NNDC takes up the offered Round 4 LAHF funding, this would help fund additional homes to be used as Temporary Accommodation for homeless households. Two (or three if our bid for more grant is successful) of the homes would initially be prioritised to resettle Afghan households.

It is recommended that Cabinet:

- Agree, if successful in our higher bid, to accept £871,000 of Local Authority Housing Fund grant,
- If not successful in our higher bid, agree to accept the £611,000 of Local Authority Housing Fund grant (as per the original offer)
- Use the LAHF grant to part fund the purchase of four or six (dependent on level of grant secured) further units of temporary accommodation
- Give delegated authority to the Section 151 Officer [or other member of Corporate Leadership Team] in consultation with the Portfolio Holder for Housing and Peoples' Services, to agree the actual purchases of the properties (within the identified budget limits).