

STROUD DISTRICT COUNCIL

COUNCIL

THURSDAY, 26 OCTOBER 2023

Report Title	Local Authority Housing Fund and HRA Acquisitions Budget			
Purpose of Report	Following the Housing Committee decision on 31 st January 2023 approving the submission of a capital bid to DLUHC for the purchase of accommodation to be held in the HRA for people fleeing conflict, a further short notice bid opportunity arose in June 2023, with a bid deadline of July 2023. This report is to request approval to the additional capital budget required.			
Decision(s)	Council RESOLVES to increase the HRA Property Acquisitions capital budget 2023/24 to £6.72m, as set out in this report and as recommended by Housing Committee and Strategy and Resources Committee.			
Consultation and Feedback	Due to the short notice bid deadline, the Chair and Vice Chair of Housing Committee have been consulted with, as have the Leader and Alliance Leader of the Council. Housing Committee has considered and noted the bids and made this recommendation to be considered by Strategy and Resources Committee.			
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Options	A decision could be made to withdraw the bid from the fund; however, this would mean that we would lose the opportunity to add to housing stock and limit our options to provide housing for those fleeing conflict.			
Background Papers	https://stroud.moderngov.co.uk/documents/g1360/Public%20reports%20pack%2031st-Jan-2023%2019.00%20Housing%20Committee.pdf?T=10			
Appendices	None			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	No	No

1. INTRODUCTION / BACKGROUND

- 1.1 A report on a bid to a second round of Local Authority Housing Fund (LAHF; originally launched in January 2023), was presented to Housing Committee at its meeting in September. The Committee resolved to note that a bid had been successfully submitted and to delegate authority to the Head of Property Services to acquire further properties. Strategy

and Resources Committee also considered the report at its meeting on the 5 October 2023 and agreed to recommend that Council increase the HRA Property Acquisitions capital budget. This report is primarily intended to set out the capital requirement for consideration, but also to provide an update on progress.

- 1.2 The LAHF fund has been set up to assist Local Authorities to provide accommodation to families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. The intention of the LAHF is to address immediate pressures as well as increasing the stock of affordable homes for the future.
- 1.3 As well as helping to fulfil the UK's humanitarian duties to assist those fleeing war, this fund is intended to reduce the impact of new arrivals on existing housing pressures and ultimately create a lasting legacy for domestic households by providing a new and permanent supply of accommodation for local authorities to help address local housing and homelessness pressures. The Government expects up to 4,000 properties in total would be provided through this fund.
- 1.4 The Council successfully bid for £1.8m under the LAHF and a Memorandum of Understanding with government was entered into in February 2023.

2. MAIN POINTS

- 2.1 In June 2023 the Government introduced a further bid round for the scheme, the Council being invited to bid for up to an additional £723,050 for one unit of temporary accommodation and four permanent homes, to be used initially for households on Afghan resettlement schemes. The deadline for this application was 5th July, which did not allow time for a further report to Committee for approval.
- 2.2 Accordingly, and in consultation with the Chair and Vice Chair of Housing Committee, a bid was submitted for £578,440 to purchase four permanent homes. It was decided that we would be unable to bid for the temporary accommodation element due to a lack of capacity to provide the intensive management required for such accommodation.
- 2.3 The bid for £578,440 was successful.
- 2.4 To date, purchases have progressed well and at the time of drafting this report the position is:
 - 7 properties have completed.
 - 3 properties have had offers accepted and solicitors are instructed with 1 expected to have completed by the date of Council
 - 6 properties have been acquired subject to contract as part of a bulk purchase of 6 from a developer (exchange/completion is subject to committee and council approval of the additional budget required)
 - 1 has been viewed and surveyed and an offer has been made
 - 3 properties are left to find (4 if the one above is not secured)
- 2.5 The deadline for the purchase of the initial tranche of 15 properties is November 2023. For this latest bid opportunity, the delivery target is 29th March 2024.

3. HRA PROPERTY ACQUISITIONS CAPITAL BUDGET

- 3.1 The current approved HRA Property Acquisition capital budget for 2023/24 is £4.47m. This is made up of £4.0m for LAHF1 and £0.47m for the purchase of Section 106 properties at Wotton-under-Edge (slippage from 2022/23).

- 3.2 It is proposed that this budget be increased to £6.72m. The increase of £2.25m would cover the additional LAHF2 properties, one new Right to Buy (RTB) buyback for general needs, as well as allow flexibility for the LAHF1 scheme, allowing a better mix of property sizes to be considered (subject to a financial assessment).
- 3.3 The total budget of £6.72m would be for the purchase of 23 properties – 3 Section 106, 15 LAHF1, 4 LAHF2 and 1 RTB buy back.

4. CONCLUSION

- 4.1 In summary, the Government is offering a further £578k of grant funding to part-fund the purchase of four properties to house those fleeing conflict in Afghanistan. The properties will form an addition to HRA stock, with the intention that they would then be available to any households in housing need once the current refugee crisis has passed.

5. IMPLICATIONS

5.1 Financial Implications

This report sets out a proposed increase to the HRA Acquisitions budget to fund the purchase of additional properties (four LAHF2 and one RTB buyback). The revised budget also allows an increase on the allocation for existing properties to allow more flexibility.

The revised budget of £6.720m would be funded as set out in the following table and includes the grant funding for both the LAHF schemes, the HRA capital receipts of £0.600m, as approved for LAHF 1, £0.80m RTB capital receipts for the buyback and the remainder as borrowing.

Table 1: Funding of HRA Property Acquisitions

	£m
LAHF1 grant funding	1.813
LAHF2 grant funding	0.578
RTB capital receipts	0.080
HRA capital receipts	0.600
Borrowing	3.649
Total	6.720

A financial assessment is to be completed for all the acquisitions to ensure that the level of borrowing taken out can be supported (both interest costs and capital repayment) by the rental income from the properties and therefore it is not expected that there would be any impact on the revenue position of the HRA from this capital budget.

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5.2 Legal Implications

As the local housing authority, the Council has a general power to acquire houses under Section 17 of the Housing Act 1985.

The Council has a general duty to act prudently when purchasing land or property. To this end, in addition to valuations, appropriate title checks and searches should take place before the Council commits to purchase the properties, to ensure that the title the Council acquires

is good and marketable. Stamp Duty Land Tax will also be payable on completion of the purchases.

One Legal will report any concerns on the title to the Head of Strategic Housing Services for further instructions. Ambiguities, for example in any occupational lease, may result in unanticipated expenditure by the Council in the future.

Under the terms of the Councils Constitution, it is a Council Function to approve the budget. It is a function of the Strategy and Resources Committee to make recommendations about resources and financing, including the development of budget recommendations to Council.

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5.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

5.4 Environmental Implications

There are no significant implications within this category.