

BARNSELY METROPOLITAN BOROUGH COUNCIL

REPORT OF: Executive Director of Growth & Sustainability

TITLE: Local Authority Housing Fund (LAHF) Round 2 – Acquisition Strategy

REPORT TO:	Cabinet
Date of Meeting	20th September 2023
Cabinet Member Portfolio	Regeneration and Culture Public Health and Communities
Key Decision	Yes
Public or Private	Public

Purpose of report

On 26th July 2023 (26.7.2023/9), Cabinet made a decision to accept funding under the Local Authority Housing Fund (LAHF) Round 2 and to enter into a Memorandum of Understanding (MOU) with the Department for Levelling Up, Housing and Communities (DLUHC) in line with the grant terms and conditions.

This report seeks approval to delegate authority to the Group Leader Estates to enter into negotiations to acquire properties in line with the grant terms and up to the funding envelope. Approval is also required to delegate authority to the Executive Director of Core Services to negotiate, conclude and execute on behalf of the council any document or agreement related to the acquisition of properties linked to this programme.

Council Plan priority

This report addresses the following Barnsley 2030 priorities:

- *Growing Barnsley:* People have a wide choice of quality, affordable and sustainable housing.

Recommendations

That Cabinet: -

1. Approves the required delegations to accelerate the acquisition of suitable properties in line with required project timescales. The required delegations include:
 - Delegated authority to the Group Leader Estates to negotiate the acquisition of suitable properties in line with the grant terms and conditions.

- Delegates authority to the Executive Director of Core Services to negotiate, conclude and execute on behalf of the council any document or agreement required to conclude the property acquisitions.

1. INTRODUCTION

- 1.1 The Local Authority Housing Fund (LAHF) is a capital fund that supports local authorities in England to obtain housing for those who are unable to find settled accommodation on resettlement schemes. The LAHF is aimed at providing a lasting affordable housing asset for the future. The funding will reduce the impact of recent arrivals on existing housing pressures and in the longer term will provide a new and permanent supply of accommodation for local communities, increasing the number of homes in the wider social and affordable housing system.
- 1.2 Round 2 of this programme provided a further £250M of funding: the majority of which will be used to house those on Afghan citizen resettlement schemes currently in bridging accommodation, and the rest used to ease wider homelessness pressures. Barnsley is included in Round 2 and has been offered a grant of £1.040M to increase our social housing supply by 13 units, 12 units for rental and one unit for temporary accommodation. On 26th July 2023 (26.7.2023/9), Cabinet decided to accept this funding and to enter into a Memorandum of Understanding (MOU) with the grant providers, DLUHC.
- 1.3 The MOU was signed on 4th August 2023 and DLUHC will provide the first tranche of grant funding during August 2023. In accepting the grant terms and conditions, the Council has committed to match the capital grant with 60% match (£1,170M in funding and/or land/property). There is thus a pot of up to £1,950M to acquire the 13 additional properties (up to £150k per unit averaged). Revenue funding of up to £20k per property is also available to cover any associated repairs and maintenance costs to bring any acquired properties up to required standards before they are relet.
- 1.4 In line with the grant terms, the additional 13 homes can be acquired, built or existing stock that is currently unavailable for residential let. As such, the council has established a project team to determine opportunities to allocate any new build properties from the current Council Build Projects (where sites are suitably located) and to explore opportunities for the purchase of private homes currently on the open market. An evaluation matrix has been established by the project team to ensure that properties meet both the requirements of the grant and align to the Council's acquisition policy. In summary, officers will be looking to acquire well maintained (and energy efficient) properties with between 2 and 4 bedrooms, in suitable and sustainable locations, and prioritising ex-RTBs on our estates (wherever possible).
- 1.5 There will also be a consultation process in advance of agreeing any potential acquisitions, again linked to the existing acquisition policy. Consultees include Berneslai Homes lettings staff, the local neighbourhood teams, BMBC strategic housing, BMBC Finance and (in the instance of this project) the council's migration, asylum, and refugee officer. Joint property inspections are carried

out by the acquisitions lead and technical officers at Berneslai Homes. The Council's Estates team will also undertake a property inspection and provide a valuation for each property acquisition to confirm the market value and to aid negotiations.

- 1.6 The Council has signed a Memorandum of Understanding (MOU) with DLUHC to drawdown the grant funding and must ensure that we adhere to the terms and conditions of the funding. The grant funding requires the Council to provide a bi-monthly return to DLUHC from October 2023 and have completed the project by 29th March 2024. Specifically, this report is seeking delegated approval for the council's legal and assets team to undertake necessary steps to accelerate the negotiation and acquisition of up to 13 properties in line with the grant terms.
- 1.7 The LAHF is intended to mitigate against 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.
- 1.8 As per the Prospectus issued by DLUHC this scheme is focused on Afghans who had been supporting British operations in Afghanistan and the funding is primarily to resettle them, especially those who are currently residing in the bridging accommodation/hotels. Paragraph 2.4 of the MOU says that DLUHC has accepted the Council's plan whereby it would purchase 12 units for rent (+1 temporary accommodation unit) for the Afghan Resettlement Scheme and pay 60% of the purchase price. That may add an asset to the existing housing stock of the Council in the long run. Paragraph 4.4. of the draft MOU presents scope for a change request should there not be any or enough demand for the acquired properties by eligible Afghans. This could allow the council to use these properties for any other purpose relating to its housing needs.

2. PROPOSAL

- 2.1 It is recommended that Cabinet approves the required delegations enabling officers to be fleet of foot in the negotiation and acquisition of up to 13 properties in line with the grant terms and conditions. As highlighted in the cabinet report dated 26th July 2023, the timescales for completing this project are challenging, thus it is essential that there is pre-approval to allow the Council's Estates and legal teams to accelerate the negotiation of required acquisitions as they are identified. This project will increase the provision of affordable homes in the borough, longer term.

3. IMPLICATIONS OF THE DECISION

3.1 Financial Implications

- 3.1.1 Consultations have taken place with representatives of the Director of Finance (S151 Officer).

- 3.1.2 Cabinet approved the acceptance of £1.040M grant funding from the Local Authority Housing Fund: Round 2 on 26th July 2023.
- 3.1.3 The grant funding will be matched with HRA resources to enable the acquisition of up to 13 properties to be held as stock within the HRA.
- 3.1.4 The grant funding allocation has been calculated by government based on a median house price of £0.150M. The estimated match funding requirement from the HRA on this basis will be £1.170M. Total scheme costs are estimated at £2.210M as detailed in the table below.

LAHF Round 2	2023/24
	£M
Property Acquisitions	1.950
HRA Decency Standard Refurbishments	0.260
Total Expenditure	2.210
LAHF Grant - Acquisitions	0.780
LAHF Grant - Decency Upgrades	0.260
HRA Resources	1.170
Total Funding	2.210

- 3.1.5 Cabinet to note any increase in property prices above £0.150M will not be eligible for additional grant and be required to be funded 100% by the HRA.
- 3.1.6 The financial implications of these proposals are summarised in the attached Appendix A.
- 3.1.7 Final approval to proceed with each acquisition will require sign off from the Director of Finance following a satisfactory performance assessment of each proposed acquisition within the Net Present Value model.

3.2 Legal

- 3.2.1 It is proposed that the match funding will come from the Housing Revenue Account. The Council has powers to acquire and provide housing accommodation under Part II of the Housing Act 1985.

3.3 Risks

- 3.3.1 The risks in delivering this project were highlighted to cabinet in the report dated 26th July 2023. In short, project risks are due to the short delivery timeframe, the availability of suitable stock (linked to location and size), the extent of grant made available for both capital and revenue spend (these levels may be insufficient) and the availability of match funding from council resources which are stretched and may not cover the cost of match required to acquire/renovate all 13 properties. Even with the establishment of a dedicated project group, and delegated approval to progress negotiation and acquisition at the earliest opportunity as recommended in this report, there is no guarantee, at this time, that we will be able to deliver all 13 properties by 29th March 2024, and this has been communicated to DLUHC.

3.4 Equality

- 3.4.1 In preparing this report, and the report dated 26th July 2023, due consideration has been given to the councils' statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. A full Equality Impact Assessment will be undertaken against the Acquisition Policy and specific requirements of this project.
- 3.4.2 DLUHC confirm the LAHF scheme is aimed at increasing the affordable housing supply over the long term. Therefore, no one group is negatively affected by the project.

3.5 Sustainability

- 3.5.1 The sustainability decision-making wheel has been used to assess this project and the overall impacts are positive, particularly around reducing carbon emissions (acquiring new homes and renovating existing stock currently not in use), reducing poverty, and improving health and well-being of our residents.
- 3.5.2 Embedded carbon in the construction of new homes and the supply chain are highlighted as areas of negative impact. However, work is on-going with the procurement team to address how we can build a more sustainable supply chain going forwards. All council build homes are built to the Barnsley Low Carbon Standard and void works in properties will include retrofit measures, making homes more energy efficient.

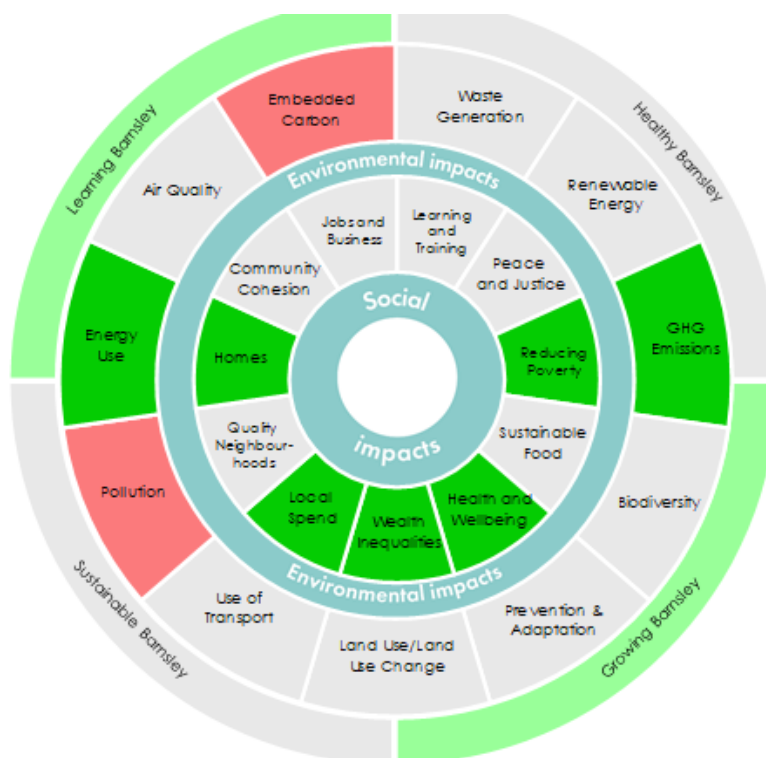


Figure 1: Sustainability Decision-Making Wheel

3.6 Employee

3.6.1 There are no direct employee implications relating to the acceptance of grant, although there is no funding within the grant to cover project management. As such, this has been picked up in addition to core service delivery across Strategic Housing, Assets, Legal and the Safer Barnsley teams.

3.7 Communications

3.7.1 There will need to be robust management of the communication around this scheme to ensure that Members and residents of Barnsley are clear of the funding opportunity in increasing the provision of affordable housing in our borough. Communication is particularly important given the implementation of the Council's new Lettings Policy in December 2023 and the current consultation with existing waiting list applicants.

3.7.2 Strategic Housing and the Strategic Migration, Asylum and Refugee Officer will work closely with Communication colleagues and Berneslai Homes Neighbourhood Teams to identify and sensitively manage any community tensions linked to property acquisitions and/or tenancy issues.

4. CONSULTATION

4.1 Consultations have taken place with the Council's Senior Management Team, Portfolio Leads and Berneslai Homes. There is an evaluation and consultation process within the acquisitions policy to ensure that properties to be purchased align with the Council's strategic priorities, are value for money and would not present any lettings or management challenges for both existing and/or new tenants.

4.2 Progress in delivering the outcomes of this project will be presented to the Portfolio Holder for Growth and Sustainability on a quarterly basis.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 **Do not pre-delegate authority to officers to commence the negotiation and acquisition of properties linked to the property.** This is not recommended as it would mean that officers would need to seek individual approvals for each property acquisition, preparing an officer decision report, in advance of being able to engage and agree property purchases. This will create significant delay in being fleet of foot in negotiating on properties and gaining required approvals. Dependent on purchase price, each property would require an officer decision record, signed by either the Head of Housing (on purchases up to £100k), the Service Director for Regeneration and Culture (on purchases up to £250k via a DMT) or the Portfolio Holder for Regeneration and Culture (on purchases over £250k).

6. REASONS FOR RECOMMENDATIONS

- 6.1 It is recommended that Cabinet approve the recommendations to delegate authority to the Group Leader Estates and the Executive Director of Core Service to accelerate the acquisition of suitable properties in line with tight project timescales.

7. LIST OF APPENDICES

Appendix A: Financial Implications

8. REPORT SIGN OFF

Financial consultation & sign off	Senior Financial Services officer consulted and date. See Appendix A.
Legal consultation & sign off	Legal Services officer consulted and date. Kate Gothard 23/08/23

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Date: 17/08/2023