

	Cabinet 14 October 2024
	Report from the Corporate Director of Neighbourhoods and Regeneration
	Lead Member: Cabinet Member for Planning, Regeneration and Growth (covering Strategic Housing) (Councillor Shama Tatler)
Local Authority Housing Fund Round 3	

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Zak Rezig - Senior Development Manager 020 8937 1589 Zak.rezig@brent.gov.uk

1.0 Executive Summary

- 1.1. The purpose of the report is for Cabinet to note the memorandum of understanding set between the Ministry of Housing, Communities and Local Government (MHCLG) and the Council; and approve its implementation to deliver up to 42 homes for temporary accommodation and refugee resettlement and relocation schemes through Round 3 of the Local Authority Housing Fund.

2.0 Recommendation(s)

- 2.1 That Cabinet:
- 2.2 Approve the proposed acquisition of up to 42 properties using the allocated Local Authority Housing Fund.
- 2.3 Approve the capital budget of £25,803,000 as set out in section 6.1 of the report to supplement the grant and cover the acquisition programme.

2.4 Delegates to the Director of Property and Assets the authority to agree the terms of any legal documents and enter into contracts to acquire an interest in the properties so as to give effect to this decision.

3.0 Detail

3.1 Cabinet Member Foreword

3.1.1 Emergency and Temporary accommodation can never be a long-term solution to tackling the UK's homelessness crisis. But it is one of the fundamentals to crack if we are to help our residents move across housing types and tenures as their circumstances change. It acts as a vital safety net when residents approach us, with little other place to turn and until recently, Brent had been working extremely hard to reduce the number of our residents placed in Temporary Accommodation.

3.1.2 Nationally, the number of households living in TA surpassed 112,000 in the final quarter of 2021, which is a 12.1% rise in a year and double the 2010 figure. This increase has been fuelled by a reduction in the availability of private rental accommodation. This contraction in the private rental market is as a result of national policy and economic factors, such as inflation, increasing mortgage interest rates, and the welcome prospect of the government ending 'no-fault evictions'. This has hindered Brent's ability to help households to secure private rented homes and end the statutory duty to house families that present as homeless.

3.1.3 Where private rented accommodation is unavailable the council has little other choice than to utilise Emergency Accommodation in B&B's or hotels. The impact of living in basic, overcrowded emergency accommodation can be long-lasting to any family. The inherent instability and lack of privacy can take a toll on residents' mental and emotional well-being, perpetuating the cycle of homelessness and creating barriers to stable employment.

3.1.4 The astronomical cost of sourcing high-quality Temporary Accommodation is threatening the very financial stability of local authorities across London. In Brent, there has been an 83% increase in families in B&B hotels in comparison to last year and 700% to the year before. We are experiencing an in-year overspend of over £10m, primarily driven by the cost of sourcing Temporary Accommodation in and around London. Other service areas are in turn struggling as budgets are stretched thinly to cope with this financial pressure, impacting the quality of our other services too.

3.1.5 There are no quick fixes, no silver bullets, no panacea to ending the housing crisis this country is facing. But one thing this council can do is to multiply the supply of high-quality Temporary Accommodation, just like we have with done in Knowles House and Anansi House, completed in 2022 providing 149 supported and Temporary Accommodation units. This TA is vital, as it allows the council to move residents out of the most expensive emergency provision in B&B and hotels, in doing so reducing the financial burden on the council; and improving the quality of life for the residents we support.

3.1.6 This Cabinet report sets out what this council can do to address the housing crisis, when empowered with the resources to do so. The Local Authority Housing Fund [LAHF] is a lifeline for some of our residents who are most in need, with a £10.5m grant, topped up with a further £25m of capital funding from the council. We need these external grants if the council is to be able to move at pace, to tackle the crisis in supply of affordable housing. This report will enable the council to purchase 42 street level properties for Temporary Accommodation and resettlement schemes - and although a small start when compared to our overall ambitions, it will change the lives of the residents we will be able to support. We know where the demand is at its most acute, so officers will be tasked with sourcing the larger properties that we know our families need, with 22 of these properties above 3-bed in size.

3.2. Contribution to Borough Plan Priorities & Strategic Context

3.2.1 The borough plan theme of 'Prosperity and Stability' sets out the Council's ambition to provide safe, affordable housing for residents and reaffirms the pledge to deliver 5,000 affordable homes, with 1,700 to be delivered by the Council, by 2028. This initiative will contribute towards achieving this.

3.2.2 Other relevant strategies include:

- Local Plan
- The Poverty Commission
- Housing Allocations Policy
- Homelessness and Rough Sleeper Strategy
- Equality Strategy
- Health and Well-being Strategy
- Inclusive Growth Strategy

3.3 Background

3.3.1 In December 2022 the Department for Levelling Up, Housing and Communities (DLUHC) set aside £500 million - the Local Authority Housing Fund (LAHF) to support local authorities to acquire accommodation for families who arrived in the UK fleeing the war in Ukraine and those on Afghan resettlement and relocation schemes.

3.3.2 Round 2, in June 2023, provided £250 million to address homelessness pressures as well as the other categories (Ukraine and Afghan resettlement).

3.3.3 In March 2024 the programme expanded (Round 3) with a further £450 million.

3.3.4 In June 2024 and following financial appraisals the Council put a bid to deliver 42 homes consisting of 35 temporary accommodation properties, and 7 properties to be used for the refugees' resettlement scheme.

3.3.5 The objectives of the LAHF are to:

- Reduce housing pressures by providing better quality temporary accommodation to those owed homelessness duties.
- Reduce temporary accommodation costs.
- Provide sustainable settled housing to some refugees so that they can build new lives, find employment and integrate into communities.
- Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.

3.3.6 There are currently 2,166 households in temporary accommodation in Brent, 1000 of these are in nightly paid emergency TA, and 850 are in B&B. The level of demand from homeless households and lack of affordable accommodation is generating a reliance on an unprecedented level of nightly paid emergency accommodation. This puts great pressure on the Council's finances.

3.3.7 Demand is exacerbated by the lack of affordable homes for private rent, specifically for those in receipt of Universal Credit. The reduction in the private rental accommodation is a result of national policy and economic factors, such as inflation and mortgage interest rates, and the threat of ending 'no-fault evictions' as well as requirements to raise standards meaning landlords need to invest more in the homes they rent. This has impacted Brent's ability to help households to secure private rented homes both within and outside of Brent and end the statutory duty to house these households.

3.3.8 The Council has some specific accommodation for statutory homeless households, such as Anansi and Knowles House, both at full capacity and with little opportunity to free up space due to the lack of homes for these households in the private rented sector, thereby ending the homeless duty. The 129 unit Edgware Road scheme, is being developed, but completion is not due until summer 2028.

3.3.9 The opportunity to acquire 42 street properties under this programme will contribute to rehousing families who currently are living in temporary accommodation with a main focus on households that are costing the Council the most in housing benefit. Financial assessments carried out estimate that £1.2m a year in additional costs will be avoided by having the units procured and allocated.

4.0 Stakeholder and ward member consultation and engagement

4.1 None undertaken.

5.0 Conditions and details of LAHF R3 allocation-

5.1 Aligned with the fund's focus on delivering units at the Local Housing Allowance (LHA) rent level, Brent Council has been allocated a £10,573,025 grant (capital at £10,487,000 and revenue at £86,025). A condition is that the Council supplements this with further funding. The MoU requires the Council to deliver:

- TA Units: 35 units (2beds and over) at a grant rate of £226,000 each, increasing to £248,600 if a new supply is procured.

- Resettlement Units: 5 units at the same rate as TA.
- Large Resettlement Units: 2 units for larger families (4+ bedrooms), with a grant rate of £282,500 each, rising to £310,750 for new supply.

The properties need to be delivered in two batches (see Table 1 below) with 25 properties in financial year 2024-25 and 17 properties in financial year 2025-26.

5.2 These allocations are based on a median property price within the Borough of £565,000; the grants represent 41% of this median price, with an increment to 51% for large resettlement homes. The grant rates are further uplifted by 10% when the units are delivered as new homes. Capital funding is required to supplement the grant to enable purchases.

5.3 Table 1 shows the required delivery numbers and timescales.

Property type	Year 1 delivery target (2024-25)	Year 2 delivery target (2025-26)	Total delivery target
Temporary Accommodation	18	17	35
R3 resettlement element	5	0	5
R3 large resettlement element	2	0	2
All property types	25	17	42

5.4 Given the requirement to deliver 25 homes this financial year, it is proposed that an initial 5 of these are ones already identified by I4B; the remaining 20 will be identified by researching private properties for sale.

6.0 Financial Considerations

6.1 The grant award of £10,573,025 consists of revenue funding of £86,025 and a capital component of £10,487,000. The capital allocation will be supplemented by funding from Brent Council to create a capital budget for the acquisition programme. Following an assessment of the property market in Brent, £25,803,000 has been estimated as the maximum cost of acquiring and refurbishing the 42 units agreed under the scheme. This proposed capital budget will be funded with the £10,487,000 LAHF capital grant and the remainder by borrowing.

6.2 Financial appraisals show the loan funding will be repaid over a 40-year period. The financial assessment is based on the properties being let as temporary accommodation on Local Housing Allowance (LHA) rates.

6.3 The additional homes will provide critical additional supply to contribute towards meeting the demand for temporary accommodation and reduce reliance on the more expensive nightly accommodation. The significant budget pressures mean these units will not immediately result in budget savings within the Council's medium-term budgets but will enable the Council to potentially avoid additional costs of circa £1.2m in a full year of letting these units.

6.4 The £86,025 revenue grant component will create a revenue budget to be used by the Property Services team to fund activities aimed at supporting the successful implementation of the acquisition programme.

7.0 Legal Considerations

7.1 The legislative powers under which the Council can acquire land or properties are as follows:

7.1.1 Section 1 of the Localism Act 2011 gives general powers to the Council to do anything that individuals generally may do provided that is it not prohibited by other legislations, including entering into funding agreements. The Council has powers under section 111 of the Local Government Act 1972 to do anything which is for the benefit of the authority, its area, or persons resident or present in its area.

7.1.2 The Local Government Act 2000 introduced additional 'wellbeing' powers which provide Councils with the power to do anything which they consider is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of their area. This includes the power to incur expenditure, including land acquisition, subject to Best Value Duty as per below.

7.1.3 Under section 120 Local Government Act 1972 the Council has a general power to acquire property by agreement. The Council can also purchase properties for housing the homeless under section 17 (1) (b) of the Housing Act 1985. The acquisition includes freehold and/or leasehold interest.

7.1.4 The Council has a Best Value Duty under Part I of the Local Government Act 1999 to ensure that it pays no more than market value for the acquisition of these properties and operates the scheme efficiently.

7.2 The following legislation set out the Council's duty to provide temporary accommodation:

7.2.1 Once the Council has reason to believe that an applicant and his/her household is Eligible, Homeless and in Priority Need, as defined the Housing Act 1996, there is an immediate statutory duty to secure suitable interim accommodation, pending further enquiries into the application (cf. section 188(1) of the Housing Act 1996). Once the Council accepts that an applicant and his/her household is Eligible, Homeless, in Priority Need and not Intentionally Homelessness, as defined by the Housing Act 1996, the Council will owe that applicant and his/her household a duty to provide suitable temporary accommodation until such time as the duty is ended, either by an offer of settled accommodation or for another specified reason (known as the "Main Duty", cf. section 193(2) of the Housing Act 1996).

7.2.2 The "Main Duty" is a duty on the part of a local authority to provide suitable temporary accommodation until such time as the duty is ended, either by an offer of settled accommodation or for another specified reason. A local authority

will owe a homeless applicant the main housing duty when the relief duty (i.e. the duty to relieve homelessness) and a local authority is satisfied that: (i) eligible for assistance, (ii) in priority need and (iii) not intentionally homelessness, pursuant to section 193(2) Housing Act 1996.

7.2.3 Where a local authority is satisfied that an applicant is homeless and eligible, it must take reasonable steps to help the applicant secure that accommodation becomes available for at least six months. This is known as the “Relief Duty” – the duty to relieve homelessness (cf. s.189B(1) Housing Act 1996 as inserted by s.5(2) Homelessness Reduction Act 2017).

7.2.4 The Homelessness (Suitability of Accommodation) (England) Order 2003 states that the provision of Bed and Breakfast accommodation for a period longer than 6 weeks is not to be regarded as suitable accommodation for a homeless applicant who has children in his / her household or a homeless applicant who is pregnant.

8.0 Equity, Diversity & Inclusion Considerations

8.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

8.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

8.3 There is no prescribed way the Council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.

8.4 The proposals in this report have been subject to screening and Officers believe there are no adverse equality implications.

9.0 Climate Change and Environmental Considerations

9.1 None There are no significant climate change or environmental considerations arising from this report.

10.0 Human Resources/Property Considerations (if appropriate)

10.1 There are no Human Resources/Property considerations arising from this report.

11.0 Communication Considerations

11.1 There are no communication considerations arising from this report.

Report sign off:

Alice Lester

Corporate Director Neighbourhoods and Regeneration