

FULL COUNCIL

8 July 2025

Local Authority Housing Fund:-
Proposed Commitment of Match Funding &
Acquisition of Residential Properties

FULL COUNCIL

PART I

LOCAL AUTHORITY HOUSING FUND – PROPOSED COMMITMENT OF MATCH FUNDING AND ACQUISITION OF RESIDENTIAL PROPERTIES (DoF)

1 Summary

- 1.1 The Local Authority Housing Fund (LAHF) was originally announced in December 2022 and is a project aimed at providing longer term accommodation for Afghan and Ukrainian families who have arrived in the UK via various resettlement schemes.
- 1.2 A number of previous reports have been presented to Full Council and the Policy & Resources Committee in connection with LAHF Round 1 & 2, these are listed in the 'Background Papers' section at the bottom of this report.
- 1.3 This report deals substantively with Round 3 of the LAHF scheme and concerns the recent award of new funding from the Ministry of Housing, Communities and Local Government (MHCLG).
- 1.4 This report seeks consent from Full Council to delegate authority to acquire 12no. residential dwellings using LAHF3 funds: 8no. will be used for temporary accommodation purposes and 4no. will be used for the resettlement of Afghan families. In addition this report seeks approval to invest £4,832,400 from TRDC as match funding and to delegate authority to the agreeing and finalising the management arrangements for the properties.
- 1.5 In addition, the Council also retains residual funding of £550,959 from LAHF1 where TRDC are required to provide a total of 29no. properties but have only secured 28no. properties as part of the overall LAHF1&2 commitment. MHCLG have indicated that such funding can be committed towards the acquisition of further properties at the grant match rate of 40:60 (MHCLG:TRDC). TRDC would be required to provide match funding of up to £826,438 for which Officers believe that the combined sum of £1,377,397 could potentially lead to the acquisition of 2no. further dwellings. The funds are already incorporated into the capital programme.

2 LAHF Round 3

- 2.1 As with earlier rounds of LAHF funding, MHCLG contacted all Local Authorities to confirm interest in participating in a further round of funding. As before TRDC accepted the opportunity to participate and was initially awarded £2,227,491 to acquire, 8No. residential units. Again, like the previous rounds, a further reallocation of undistributed funding was made and TRDC received a total of £3,239,491 to acquire 12no. units, which comprises £17,891 for revenue and £3,221,600 for capital expenditure.
- 2.2 Unlike LAHF1&2, there is no specific match funding grant split between the funds provided by MHCLG and those to be matched by TRDC. It remains the intention to closely follow the previous grant mix of 40:60 (MHCLG:TRDC), as this tried and tested grant mix ensures that TRDC can operate the properties on

a viable financial basis. That said, where it is in the Council's interest and benefit, the match funding rate will be varied to ensure all MHCLG funds are used.

- 2.3 As TRDC have been awarded funds for the single year 2025/26, it will be necessary to focus acquisition on properties that are already built, either as new stock coming onto the market or older, second-hand stock.
- 2.4 Officers plan to seek properties that are freehold, ideally free from onward chains and between 2-4 bedroomed within the District. Preference will be given to newer or recently refurbished properties as demand for temporary accommodation remains as strong as ever. Officers will also explore potential options for bulk purchase from the market or surplus stock from affordable housing providers.
- 2.5 The Council are able to directly let temporary accommodation properties, so 8no. units will be retained and managed by TRDC. The remaining 4no. resettlement units will need to be managed by a third party and similar to earlier rounds, these likely be managed under an agreement with one of our Housing Association partners and may be let via Three Rivers Homes.

3 Options and Reasons for Recommendations

- 3.1 There are two options relating to this report: i) proceed in accordance with the recommendations contained within this report and acquire premises to satisfy the grant conditions of LAHF3, including the commitment of TRDC capital match funding as required, or ii) do not participate in LAHF3.
- 3.2 If Full Council decides not to participate in LAHF3, those funds already allocated will be returned to MHCLG and Officers will continue to focus on completing the development of the remaining 16no units which form part of LAHF1.
- 3.3 If Full Council decides to participate with LAHF3, there is further financial flexibility with this round, which allows for the Council to use a lesser or greater amount of match funding – not the 40:60 as prescribed in earlier rounds, which provides added flexibility to secure suitable properties in the right locations.
- 3.4 The grant funding is awarded on generous terms, enabling the Council to initially allocate the properties to the intended cohorts. Once this initial use is complete, the terms permit the properties to be repurposed for 'general needs' housing, thereby increasing the overall supply of affordable housing within the District and providing a valuable asset for retention.

4 Policy/Budget Reference and Implications

- 4.1 The recommendations within this report and the accommodation provided will satisfy the needs of the Council's Housing, Homelessness and Rough Sleeping Strategy. There remains a continuing and unmet demand for all types of affordable housing within the District and those at risk of homelessness, whereupon these 8no. temporary accommodation properties will significantly increase the availability of suitable spaces and reduce the need for expensive and impersonal hotel accommodation.
- 4.2 LAHF3 is predominantly provided as capital funding, with a small proportion of revenue funding to contribute towards some Officer time and ancillary costs. The Council's financial contribution will come its capital programme and be financed by a mixture of borrowing and existing s.106 affordable housing resources. The costs of borrowing are fully met from the rents received. The benefit of

committing investment into the scheme is that the properties are effectively acquired at a discount and remain an asset of the Council.

5 Financial Implications

- 5.1 As indicated in paragraph 3.4 above, the Council is not required to provide any fixed proportion of match funding. However it is the Officers recommendation to follow the match funding mix which applied to LAHF1&2, namely the 40:60 (MHCLG:TRDC) funding mix. We know from earlier funding rounds that this funding mix provides sufficient funding to acquire and subsequently operate the properties, with limited operational viability risks.
- 5.2 With the relaxation of match funding requirements in this round, it means that TRDC may need to commit less than previous rounds, to ensure it uses the entire MHCLG allocation. As such, whilst Officers are seeking authority to apply 60% match funding, the final match funding requirement will be applied in order to maximise grant and s.106 use and minimise borrowing.
- 5.3 This report seeks approval from Full Council for TRDC to commit capital match funding of £4,832,400. TRDC's match funding will comprise £4,082,400 borrowing and £750,000 allocated from S.106 affordable housing, off-site funding. The S.106 is funding provided by developers of smaller scale schemes in the District who are not obliged to provide affordable housing on site. The match funding in addition to the LAHF3 grant funding allocated from MHCLG, would result in an increase to the capital programme totalling £8,054,000.
- 5.4 TRDC is already in receipt of the first tranche payment of capital funds from MHCLG of £1,610,800 and a second payment will be made later in the year.
- 5.5 The table below illustrates the funding allocated from each round of LAHF by MHCLG and the required match funding committed by TRDC. Of the £12.3m potentially committed by TRDC it has managed to leverage £8.9m

	MHCLG funding	TRDC match funding	Total funding pot
LAHF 1	£3,759,613	£4,843,612	£8,603,225
LAHF 2	£1,952,000	£2,688,000	£4,640,000
LAHF 3	£3,221,600	£4,832,400	£8,054,000
Total funding mix	£8,933,213	£12,364,012	£21,297,225

Table 1: LAHF funding as shared between MHCLG and TRDC match.

- 5.6 The delivery of LAHF3 will be reported to Members in regular budget monitoring reports throughout the financial year.

6 Legal Implications

- 6.1 The Localism Act 2011 gives the Council a general power of competence to do anything an individual may do although this is expressly subject to any statutory limitations that predate the commencement of that Act.
- 6.2 The relevant provision where a Council proposes to acquire land by agreement is Section 120 of the Local Government Act 1972 which allows a Council to do

so where it is for the purposes of any of their statutory functions or for the benefit, improvement or development of their area.

- 6.3 In deciding whether to approve and delegate the authority to acquire up to 14no. residential properties, Members should be aware of their fiduciary and best value duties in terms of the prudent and responsible stewardship of the Council's assets and resources.

7 Equal Opportunities Implications

7.1 Relevance Test

Has a relevance test been completed for Equality Impact?	Yes
Did the relevance test conclude a full impact assessment was required?	No

8 Staffing Implications

- 8.1 The practical staffing implications will relate to the work involved in acquiring suitable properties, led by the Property Services Team and supported by the Housing & Legal Services teams. Such work will be contained within existing resources, with performance management undertaken by the Head of Property Services & Major Projects.
- 8.2 In operation, the 8no. temporary accommodation properties will be managed and let by the Housing Operations Team and the maintenance and upkeep will be supported by the Property Services Team, all within existing resources.
- 8.3 The 4no. resettlement properties are likely to be subject to a lease and management agreement, which will transfer direct management responsibility to a Housing Association partner. Officer oversight will be required in accordance with similar arrangements with other properties.

9 Environmental Implications

- 9.1 There are no direct environmental implications from the acquisition or management of these properties.

10 Community Safety Implications

- 10.1 There are no community safety implications related to this proposal.

11 Public Health implications

- 11.1 There are no community safety implications related to this proposal.

12 Customer Services Centre Implications

- 12.1 There are no customer services centre implications related to this proposal.

13 Communications and Website Implications

- 13.1 In the past the Council has opted for a lower profile promotion of the LAHF scheme. As the Council intends to acquire properties for residential occupancy,

it is not appropriate to release the details of property addresses. There may be a need for some minor public communications, but there will be no major promotional campaign required.

14 Risk and Health & Safety Implications

- 14.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.
- 14.2 The subject of this report is covered by the day-to-day resources allocated within the Property Services & Housing Services service plans, with external partnership working governed by the Joint Venture Board, to which Three Rivers Homes Limited reports. Any risks resulting from this report will be included in the risk register and, if necessary, managed within relevant service plans.

Nature of Risk	Consequence	Suggested Control Measures	Response (tolerate, treat, terminate, transfer)	Risk Rating (combination of likelihood and impact)
Full Council does not authorise the recommendation within this report and the properties for LAHF3 are not purchased.	<p>Funding is returned to the MHCLG.</p> <p>No match funding is required.</p> <p>Continued pressure on our temporary housing services.</p> <p>Minor reputational risk of lack of action to address housing pressures.</p>	None	Tolerate	4 (Low)
Uncertainty in required match funding due to flexible 40:60 ratio	Overspending or underutilisation of MHCLG funds; budget misalignment	Adopt 40:60 model as baseline; monitor spend; return unused funds to reserves if		2 (Low)

		applicable		
Difficulty in acquiring 12no. properties required under LAHF3 or the additional 2no. properties under LAHF1	<p>Failure to meet grant conditions; loss of funding; reputational damage</p> <p>Could risk MHCLG funding, although previous experience shows that MHCLG are very keen to work with LA's to meet their targets.</p>	<p>Maintain close working relationship with MHCLG.</p> <p>Ensure sufficient staffing resources are allocated to the task. Ensure that any potential delays are identified early.</p> <p>Try to avoid purchases that involve complex 'chains' or are subject to obvious delays.</p>	Treat	6 (Med)
Lack of internal capacity to manage all properties, especially resettlement units	Poor service delivery; tenant dissatisfaction; increased costs	Retain 8no. units in-house; partner with Housing Associations for 4no. resettlement units	Treat	2 (Low)
Non-compliance with statutory powers or fiduciary duties	Legal challenge; reputational damage; financial penalties	Ensure compliance with Localism Act 2011 & LGA 1972; obtain Full Council approval	Treat	4 (Low)
Misalignment with Council's Housing, Homelessness and Rough Sleeping Strategy	Missed opportunity to address housing needs; inefficient use of assets	Align acquisitions with strategy goals; prioritise high-demand property types	Tolerate	2 (Low)
Long-term maintenance and viability of acquired properties	Increased lifecycle costs; reduced asset value	Prioritise newer/refurbished properties;	Treat	4 (Low)

		plan for ongoing maintenance		
--	--	------------------------------	--	--

- 14.3 The above risks are scored using the matrix below. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood scores 6 or less.

Very Likely Likelihood Remote	Low 4	High 8	Very High 12	Very High 16
	Low 3	Medium 6	High 9	Very High 12
	Low 2	Low 4	Medium 6	High 8
	Low 1	Low 2	Low 3	Low 4
Impact Low -----> Unacceptable				

Impact Score

4 (Catastrophic)
 3 (Critical)
 2 (Significant)
 1 (Marginal)

Likelihood Score

4 (Very Likely (≥80%))
 3 (Likely (21-79%))
 2 (Unlikely (6-20%))
 1 (Remote (≤5%))

- 14.4 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of the management of operational risks is reviewed by the Audit Committee annually.

15 Recommendation

- 15.1 It is recommended to Full Council to:
- 15.1.1 Agree that the Council will commit up to £4,832,400 in capital expenditure as match funding for the LAHF3 scheme;
 - 15.1.2 Agree that the Council will commit up to £826,438 in capital expenditure as match funding for the LAHF1&2 residual funds;
 - 15.1.3 Agree to the allocation of £750,000 in Affordable Housing (off-site) s.106 funding as part of TRDC's LAHF match funding;

- 15.1.4 Approve the purchase of up to 14no. residential properties and delegate the approval and details of each purchase to the Director of Finance, in consultation with the Leader of the Council and Lead Member for Resources, Regeneration & Economic Development.
- 15.1.5 Approve the principle of the management arrangements and delegate the approval and details of grant of any lease or management agreements for any of the residential properties with one of our Housing Association partners to the Director of Finance, in consultation with the Leader of the Council and Lead Member for Resources, Regeneration & Economic Development.

Committee Decision on Public Access:-

Public access to Report	Immediate
Public access to Decision	Immediate

Report prepared by: Justin Wingfield – Head of Property & Major Projects

Data Quality

Data sources:

MHCLG LAHF3 Prospectus & Guidance: -

<https://www.gov.uk/government/publications/local-authority-housing-fund-round-3/local-authority-housing-fund-round-3-prospectus-and-guidance>

Data checked by:

Jason Hagland

Data rating:

1	Poor	
2	Sufficient	
3	High	✓

Background Papers

- 21 February 2023 - Full Council – Item 12. Local Authority Housing Fund
- 13 March 2023 – Policy & Resources Cttee – Item 13. Local Authority Housing Fund
- 11 September 2023 – Policy & Resources Cttee – Item 12. Local Authority Housing Fund
- 12 December 2023 – Full Council – Item 11. Local Authority Housing Fund
- 20 February 2024 – Full Council – Item 11. Local Authority Housing Fund
- 11 March 2024 – Policy & Resources Cttee – Item 12. Local Authority Housing Fund

APPENDICES / ATTACHMENTS

There are no appendices

