

Report to the Commercial Property Investment Board (CPIB) 15th February 2022

Local Authority Housing Fund

The Commercial Property Investment Board consists of:

- Chief Finance Officer or deputy
- Head of Place and Commercial Services
- Solicitor to the Council or deputy
- The Leader of the Council or deputy
- Executive PH for Corporate Resources
- Chair of Overview & Scrutiny Committee and Leader of Opposition if different
- Chair of Audit Scrutiny
- Any Group leader with 10% of the Members

Purpose – That the CPIB approve the use of funds provisionally allocated to the Teignbridge 100 within the Capital Programme to support funding to be received from the Department for Levelling Up, Housing and Communities (DLUHC) to procure 18 additional properties for the accommodation of Afghan and Ukrainian families in the short term and Teignbridge residents from the Housing Register in the longer term when the need from the initial client group dissipates.

Teignbridge were notified on 21st December that The Department for Levelling Up, Housing and Communities (DLUHC) has set up a £500m national capital fund for Local Authorities to provide housing for families who have arrived from Ukraine and Afghanistan. The Councils most affected have been given a provisional allocation of funds with delivery expectations. The allocation is **not** negotiable.

The funding to be paid in accordance with Section 31 of the Local Government Act 2003. The funding would be paid in two tranches –

- 30% in 2022/2023
- 70% in 2023/2024

The Teignbridge allocation is as follows.

- £1,664,000 to deliver 16 homes (general needs 1/2/3 bed houses for Ukrainians)
- £420,270 to deliver 2 homes (4 bed and larger for Afghan families)

Total = £2,084,270

The homes are to be delivered by November 2023 if possible so they would be “existing purchases” not a Teignbridge DC new build scheme.

The average grant rate of £115,792 is much higher than would normally be expected from Homes England under the traditional bidding route. The funding is capital only. There is no revenue funding associated with delivery of the scheme.

To progress with the scheme SLT approved, the completion of the Expression of Interest Form (EIF) and this was returned back to DLUHC indicating our wish to accept the funding. This was returned by midday on 25th January.

DLUCH responded on Friday 10th February to confirm that our EIF has been approved and attaching a Memorandum of Understanding to bind the funding into expected delivery.

In order to receive the first payment of 30% of the total grant funding in March, the MOU must be signed and returned by 15 March, hence this matter being brought before the CPIB rather than Executive of Full Council.

Because this funding is aimed at exclusively meeting the needs of Ukrainians and Afghans in the short term with an expectation that the homes will form part of the Councils general housing stock as the need from this specific client group subsides. DLUHC have completed an EIA which can be shared if questions are raised about funding going to one specific client group.

This project would form part of the T100 delivery so the additional funding would need to be accommodated within the £8.5m in the capital programme provisionally allocated for the T100 project.

Financial Appraisal Assumptions

- Properties to be purchased up to 10 years old so model over 30 or 35 years.
- Grant income as above.

Cost of units to be purchased

- 16 general needs dwellings to average £250,000 maximum = £4,000,000
- 2 x 4 bed plus dwellings to average £400,000 maximum = £800,000
- Rents would be **affordable rents** capped at LHA including service charges
- Teign Housing to manage on same rates at existing stock
- Budget includes £5,000 per dwelling for works
- Budget includes £1,000 per dwelling for our Legal Fees
- Capital receipts of £150,000 included within scheme

Two funding options which provide a 1% return

- Section 106 receipts of £780,000 if financed over 35 years
- Section 106 receipts of £1,065,000 if financed over 30 years

Financial appraisal completed by Andrea Snape and Clare Moors who have confirmed that the above funds and borrowing capacity are available.

Total = £4,908,000. Less grant of 2,084,270 = £2,823,730 or £156,874 per unit.

Allowances have been made for repairs and maintenance, contributions to the periodic replacements sinking fund and the costs associated with void periods (although voids are initially anticipated to be low due to the pent-up demand for this housing).

Please note this is an additional demand. There is no base budget to accommodate the number of refugees currently with host families and also not enough properties within our existing portfolio. Therefore, these properties can potentially offset a budget pressure. If we were unable to source additional PSLs and had to use B&B, costs would be considerable.

This scheme will form part of the T100 so will reduce the indicative funds available for the remainder of the pipeline.

Current data for Teignbridge.

Ukrainians

- 139 Households recorded on the Teignbridge spreadsheet minus 11 who have now left their host family.

Bedroom Need

- 67 = 1 bed need
- 45 = 2 bed need
- 13 = 3 bed need
- 3 = 4 bed need

Total = 128

Afghans

- 5 families in PSL for Refugees, only 2 are seeking alternative accommodation.
- 1x 3 bed (Newton Abbot)
- 1x 4 Bed (Dawlish)

Graham Davey 15/2/23.