

# Report to the Commercial Property Investment Board (CPIB) 27<sup>th</sup> March 2025

## Local Authority Housing Fund (Round 3)

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

Teignbridge were notified in January 2025 that the Ministry of Housing, Communities and Local Government has an underspend in respect of a £450m national capital fund for Local Authorities to provide housing for families who have arrived from Afghanistan and provide better quality temporary accommodation to those who are owned a homeless duty. The Councils most affected have been given the opportunity to bid for further funds to supplement the initial allocations. Officers have made a further Expression of Interest and have been rewarded with an additional allocation. This supplements our initial allocation of £649,399 (Year 1 2024/25)

The funding to be paid in accordance with Section 31 of the Local Government Act 2003. The funding would be paid in two tranches of £306,000 (total £612,000)

The Teignbridge supplementary allocation is as follows.

- £612,000 in total to deliver -
- 1 home (general needs 2/3 bed houses for Resettlement purposes)
- 3 homes (3 bed property for homelessness purposes)

**Total = £ 612,000**

The homes are to be delivered during Year 2 - 2025//2026. The bid includes a 10% premium on the standard allocation of the homes to be “new build” so they would be “existing purchases” not a Teignbridge DC new build scheme. Completion in terms of the funding programme means entering into contract with a developer or developers by 31<sup>st</sup> March 2026 not necessarily completing the purchases.

The average grant rate of £153,000 is much higher than would normally be expected from Homes England under the traditional bidding route and higher than the average we received under the previous round which successfully delivered 18 homes.

To progress the second phase of the scheme, subject to Commercial Property Investment Board (CPIB) approval, we have acknowledged, in principle, to Government our intention to accept the funds and sign the Memorandum of Understanding by 12<sup>th</sup> March 2025 or as soon as approval has been received.

## **Recommendation.**

The recommendation of the Councils Chief Finance Officer is that the option is taken to accept the further grant funding as it will deliver 4 further properties in the “Homes 4 Teignbridge” programme and also provide a financial return for the Council (see below)

The principle of the scheme is that the properties are used for their specific purpose whilst the need from that client group exists. However, should that need fall away then they can revert to general needs housing. Affordable Rents can be charged.

## **Financial Appraisal Assumptions**

- Properties to be purchased will be new build so can be financially modelled over 35 years.
- Capital Grant income as above (£612,000)
- Devon County Council funding up to £100,000 received for this specific purpose.

Anticipated cost of units to be purchased.

- 3 x general needs property @ £275,000. Total £825,000
- 1 Resettlement general needs property @ £275,000. Total £275,000
- Rents would be **affordable rents** capped at LHA including service charges.
- Budget for legal fees @ £1,000 per dwelling = £4,000

Total = £1,104,000 less grant of £712,000 = £392,000 (£98,000 per dwelling)

Based on the current financial appraisal, the residual £392,000 would be funded from prudential borrowing. All affordable housing Section 106 money has either been used or is committed to the proposed project at Sherborne House. It would not be possible to use capital receipts due to Homes England rules around grant funding in conjunction with right to buy receipts.

**The financial appraisal shows a 2.84% return to Teignbridge over a 35 year period.**

The negotiation with developers to procure these 4 dwellings can be accommodated within the Housing Enabling Team workload.

Graham Davey.  
Housing Enabling and Development Manager.  
March 2025.