

RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER

This form **MUST** be used to record any decision taken by the Elected Mayor or an individual Executive Member (Portfolio Holder).

The form must be completed and passed to the Service Manager (Committee & Administrative Services) no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Service Manager (Committee & Administrative Services) has confirmed the decision has not been called in.

1. Description of decision

- i. To accept the capital grant of £2,180,046 from the Department for Levelling Up, Communities and Housing's Local Authority Housing Fund towards the cost of providing 15 properties for Ukrainian families and 2 properties for Afghan families;
- ii. To note that, due to the Government's stringent timetables, the Council's financial contribution will be met from the agreed budget for the acquisition of temporary and supported accommodation.

2. Date of decision

2nd May 2023

3. Reasons for decision

- i. To facilitate the acquisition of 15 properties to be used to meet the future housing needs of Ukrainian refugee living in the Borough and to reduce the anticipated need to provide temporary homeless accommodation for Ukrainian refugees and 2 properties to resettle Afghan families in order to access the overall grant funding.
- ii. The properties will provide accommodation for homeless families but will require capital funding from the Council in addition to the Government grant. The properties will become long-term housing assets and once the initial need for accommodation for Ukrainian and Afghan families has passed the Council will be free to use the accommodation for other purposes such as temporary accommodation or supported accommodation.

4. Alternatives considered and rejected

The alternative of not accepting the grant was considered and rejected. The grant will provide additional capital funding to the Council which will increase the availability of housing for Ukrainian refugees and help to alleviate the expected financial pressures from future homelessness applications.

5. How decision is to be funded

The Council's contribution to the overall capital cost estimated at £2.844m will be funded from the Temporary Accommodation Capital Budget. The ongoing net revenue cost will be an additional cost, but this will avoid incurring higher costs in providing temporary accommodation to homeless families.

6. Conflicts of interest

| | | | |
|---|--------------------|--|--|
| Name of all Executive members who were consulted AND declared a conflict of | Nature of interest | Did Standards Committee give a dispensation for that conflict of interest? (If | Did the Chief Executive give a dispensation for that conflict of interest? (If yes, give details and the date of the |
|---|--------------------|--|--|

| | | | |
|-----------|--|---|----------------|
| interest. | | yes, give details and date of dispensation) | dispensation). |
| | | | |

The Mayor has been consulted on this decision

Signed: *Tom Wootton*

Date: 16th May 2023

Name of Decision Taker: **Mayor Tom Wotton**

This is a public document. A copy of it must be given to the Service Manager (Committee & Administrative Services) as soon as it is completed.

Date decision published:16 May 2023.....

Date decision can be implemented if not called in: ...26 May 2023.....

(Decision to be made exempt from call in.....NO.....)

|

Bedford Borough Council – The Mayor

April 2023

Report by: Chief Officer for Assessment, Application and Business Support

Subject: ACCEPTANCE OF CAPITAL GRANT FOR HOUSING FOR UKRAINIAN AND AFGHAN REFUGEES

1. EXECUTIVE SUMMARY

- 1.1 The Government has launched a Housing Fund worth £500 million nationally to assist local authorities to secure housing to meet the expected pressures that will arise due to Ukrainian refugees who are currently living with host households requiring accommodation of their own. The funding is being offered to those local authorities assessed by the Government as being most likely to experience a need for housing based on the number of Ukrainian refugees in their area. In addition, in order to access the funding, the local authorities are required to enter into a commitment to accommodate a small number of Afghan refugee families who are currently still living in bridging hotels.
- 1.2 The funding offered is equivalent to 40% of the capital cost of purchasing properties based on the current value of the lower quartile of properties for sale in the local authority area (50% in respect of larger properties for Afghan families) plus £20,000 for renovation costs etc.
- 1.3 The Council was offered a total of £3.443 million from this Housing Fund to provide 26 properties of two or more bedrooms for Ukrainian families and 2 properties of four or more bedrooms for Afghan families. It was estimated that the Council will need to contribute circa £4.415 million from its own resources. The properties would be rented out with the resulting income stream contributing towards the cost of operating and financing the properties.

1.4 Due to the timescales required by the Government, the capital contribution that would be required from the Council and the number of Ukrainian households in the Borough it is not considered feasible to deliver this number of properties. Therefore, following discussions with the Department for Levelling Up, Housing and Communities (DLUHC) an agreement has been reached for a revised target of 17 properties with grant funding of £2.180m. It is estimated that the Council will be required to contribute £2.844 million from its own capital resources to deliver this number of properties.

2. RECOMMENDATION(S)

2.1 To Mayor is recommended to:

- i. Agree to accept the capital grant of £2,180,046 from the Department for Levelling Up, Housing and Communities Local Authority Housing Fund towards the cost of providing 15 properties for Ukrainian families and 2 properties for Afghan families;**
- ii. Note that, due to the Government's stringent timetables, the Council's financial contribution will be met from the agreed budget for the acquisition of temporary and supported accommodation.**

3. REASONS FOR RECOMMENDATION(S)

3.1 The reasons for the recommendations are:

- i. To facilitate the acquisition of 15 properties to be used to meet the future housing needs of Ukrainian refugees living in the Borough and to reduce the anticipated need to provide temporary homeless accommodation for Ukrainian refugees and 2 properties to resettle Afghan families in order to access the overall grant funding.**
- ii. The properties will provide accommodation for homeless families but will require capital funding from the Council in addition to the Government grant. The properties will become long-term housing assets and once the initial need for accommodation for Ukrainian and Afghan families has passed the Council will be free to use the accommodation for other purposes such as temporary accommodation or supported accommodation.**

4. **IMPLICATIONS**

Legal Issues

- 4.1 The Council has a statutory duty to secure that accommodation is available to persons who are eligible, homeless and in priority need of housing and to assist them to secure settled accommodation. Generally, this means the Council is required to provide temporary accommodation. Ukrainian guests living with hosts in the Borough under the Homes for Ukraine Scheme will be entitled to this housing assistance if the hosting arrangements end.
- 4.2 Subject to ministerial approval, the Council is able to provide up to 199 units of housing under the powers conferred on it by the Housing Act 1989 without being required to open a Housing Revenue Act. Ministerial approval has been received in respect of existing housing properties owned by the Council and there is no reason to believe that approval would not be given in respect of properties acquired through this funding programme.

Policy Issues

- 4.3 The Council has an ongoing commitment to support the resettlement of small numbers of refugee families in the Borough through the vulnerable refugees resettlement scheme and the Afghan refugees resettlement schemes. This has included resettling 10 Afghan families to date in private rented properties. The Council is also providing a wide range of support to Ukrainian guests currently living in the Borough after fleeing the war in Ukraine.
- 4.4 In order to access the grant funding to provide homes for Ukrainian guests, the Council is required to agree to provide housing for a further two Afghan families who are currently living in hotel accommodation.

Resource Implications

A. Capital Implications

- 4.5 The grant will provide additional capital resources to the Council of £2.180 million, which will be ring-fenced for the provision of 17 properties to house, in the first instance, Ukrainian and Afghan families. The funding will only meet around 40% of the estimated capital cost with the Council required to contribute in the region of £2.844 million from its own funds including the costs of

conveyancing and project management. The final amount required will depend upon a variety of factors including the housing market, availability of properties and the cost of refurbishments. The properties will become long-term housing assets and once the initial need for accommodation for Ukrainian and Afghan families has passed the Council will be free to use the accommodation for other purposes such as temporary accommodation or supported accommodation. Therefore, the Council's contribution to the cost can be met from the approved budget for the acquisition of properties for use as temporary or supported housing.

- 4.6 It is the Government's expectation that the properties will be procured and available for rent by the end of November 2023 and by no later than 31 March 2023. This will require sufficient experienced personnel to identify suitable properties, carry out due diligence and then complete the purchase of the property and any renovations required. It is not feasible to complete this activity within the timescales using current in-house staff resources, therefore, external resources will need to be procured to assist with the acquisitions.
- 4.7 The anticipated capital costs and source of funding are shown in the table below.

| Expenditure | Grant £m | Council Funded £m | Total £m |
|--|-----------------|--------------------------|-----------------|
| Purchase of 15 x two or three bedroom properties | 1.422 | 2.133 | 3.555 |
| Purchase of 2 x four bedroom properties | 0.418 | 0.418 | 0.836 |
| Refurbishment of 17 Properties | 0.340 | 0.190 | 0.530 |
| Acquisition Project Costs | - | 0.050 | 0.050 |
| Refurbishment Project Costs | - | 0.053 | 0.053 |
| Total Cost | 2.180 | 2.844 | 5.024 |

- 4.8 It may be possible to utilise funding from the main Homes for Ukraine support grant funding to assist with the cost of the additional resources need to deliver the acquisitions, subject to confirmation that use of the funding for this purpose is permissible within the grant funding conditions.

B. Revenue Implications

4.9 There is no revenue grant funding associated with the capital grants. However, the properties will generate a rental income stream for the Council. The properties are required to be affordable housing and, therefore, rental income will be limited to 80% of the current market rent for comparable properties and tenure.

4.10 There are no official figures published for average rents in particular areas, therefore, the Council will need to make an assessment based on the best available information available at the time of setting the rent levels. Research into market trends is published by home.co.uk which indicate that current market rents in Bedford are:

| Property Size | Average Monthly Rent |
|---------------|----------------------|
| 2 bedroom | £1,180 |
| 3 bedroom | £1,444 |
| 4 bedroom | £1,752 |

4.11 The anticipated revenue income and expenditure is, therefore, as shown below:

Income

| | Units | Weekly Rent | Annual Income |
|--------------------------------|-----------|-------------|-------------------|
| Rental Income - 2 Bed Property | 10 | (218) | (£113,000) |
| Rental Income - 3 Bed Property | 5 | (266) | (£69,000) |
| Rental Income - 4 Bed Property | 2 | (322) | (£34,000) |
| Total Estimated Income | 17 | | (£216,000) |

Expenditure

| | | | |
|---------------------------------|----|--------|---------|
| Allowance for voids Rent @ 2.5% | | | £5,400 |
| Property Management | 17 | £35p/w | £31,000 |
| Insurance | | | £4,250 |

| | | | |
|--|---------|---|--------------------------|
| Void Costs (utilities, CTAX etc) | | | £3,400 |
| Annual Maintenance and Repairs | | | |
| - Internal Maintenance and Repairs @ 5.0% of Rental Income | £10,800 | - | Cyclical Maintenance and |
| Compliance @ 2.5% of Rental Income | £5,400 | | |
| Total Estimated Expenditure | | | £60,250 |
| Net Operating Cost /(Income) | | | (£155,750) |
| Contribution to Centrally Accounted Costs | | | |
| Allowance for Bad Debt @ 2.5% | | | £5,265 |
| - Contribution to R&R for Structural, External, Fixtures and M&E @ | £26,325 | | |
| 12.5% of Rental Income | | | |
| | | | £26,325 |
| Net Cost/(Income) before Financing Cost | | | (£129,425) |
| Financing Costs (based on PWLB Loan Rate of 4.74%) | | | £160,000 |
| Overall Net Cost /(Income) | | | £30,575 |

- 4.12 It is anticipated that initially there will be a shortfall between income and expenditure in the region of £30,000 per year after financial costs. However, rental income is expected to increase through indexation each year whilst financing costs remain static. Whilst some inflation can also be expected in running costs, over time it is anticipated that operating the properties will become cost neutral.
- 4.13 There are currently 114 Ukrainian households living with guests in the Borough and 4 households in homelessness temporary accommodation. Of these guests, 54 households are families with children under the age of 18. If the Council does not participate in the Scheme, it will have a homelessness duty to any Ukrainian guest who become at risk of homelessness due to hosting arrangements coming to an end. In many cases this is likely to include a duty to provide temporary accommodation and assistance with securing settled accommodation.
- 4.14 Currently temporary accommodation typically has a net cost of around £30 per night for nightly let accommodation and £50 per night for hotel accommodation. Based on a net cost of £30 per night, the expected annual cost of operating 15 properties would be equivalent to accommodating the 15 families in temporary accommodation for 67 nights. Without this accommodation being available it is likely that any families requiring temporary accommodation would be housed there for a minimum of 182 days.
- 4.15 The additional 17 properties will be within the limit of 199 properties that may be provided without triggering the requirement to open a housing revenue account.

Risk Implications

- 4.16 There are currently 114 Ukrainian refugee households living in the Borough, 4 of whom are currently living in temporary homeless accommodation. Of the 114 households, 54 are families that require two or more bedrooms. Whilst overall the residents hosting the Ukrainian guest have been exceptionally generous in sharing their home, it is inevitable that more hosting arrangements will end over the next year or so.
- 4.17 Where a family becomes homeless due to hosting arrangements ending the Council has a statutory duty to provide temporary accommodation until such time as it can assist the family to find settled accommodation. The net cost of providing temporary accommodation on a nightly let basis is £28 - £35 per night, therefore, there is a risk that the Council will incur significant costs if this accommodation is not made available.

4.19 There is a risk that the required number of properties cannot be identified and purchased within the timescale set by the Government. In order to minimise this risk, additional resources will be procured to undertake the procurement and any renovation works. The estimated cost of this service has been factored into the capital costs shown above.

Environmental Implications and contribution to achieving a net zero carbon Council by 2030

4.20 There are no environmental implications identified as arising from the recommendations in this report.

Equalities Impact

4.21 In preparing this report, due consideration has been given to the Borough Council's statutory Equality Duty as set out in Section 149(1) of the Equality Act 2010, to have due regard to the need to;

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

4.22 Initially the housing will be used to accommodate Ukrainian and Afghan refugees. The provision of good quality affordable housing will assist the refugees to resettle in the Borough and integrate into the local community.

5. DETAILS

5.1 The Government has launched a Housing Fund worth £500 million nationally to assist local authorities to secure housing to meet the expected pressures that will arise due to Ukrainian refugees currently living with host households requiring accommodation of their own. The funding is being offered to those local authorities assessed by the Government as being most like to experience a need

for housing based on the number of Ukrainian refugees. In addition, in order to access the funding the local authorities are required to enter into a commitment to accommodate a small number of Afghan refugee families who are currently still living in bridging hotels.

- 5.2 The funding offered is equivalent to 40% of the capital cost of acquiring properties based on the current value of the lower quartile of properties for sale in the local authority area (50% in respect of larger properties for Afghan families) plus £20,000 for renovation costs etc.
- 5.3 The Council was offered a total of £3.443 million from this Housing Fund to provide 26 properties of two or more bedrooms for Ukrainian families and 2 properties of four or more bedrooms for Afghan families. It was estimated that the Council would need to contribute circa £4.415 million from its own resources. The properties would be rented out with the resulting income stream contributing towards the cost of operating and financing the properties.
- 5.4 Due to the timescales required by the Government, the capital contribution that would be required from the Council and the number of Ukrainian households in the Borough it is not considered feasible to deliver this number of properties. Therefore, following discussions with DLUHC an agreement has been reached for a revised target of 17 properties, including 2 for Afghan families, with a grant funding contribution of £2.180m. It is estimated that the Council will be required to contribute £2.844 million from its own capital resources to deliver this number of properties.
- 5.6 The grant funding is equivalent to 40% of the sale price of properties at the lower quartile of the local housing market and 50% for the larger properties for Afghan families.
- 5.7 An analysis has been undertaken of properties currently advertised for sale on-line. This shows the following:

Main Element of the Fund (for Ukrainian families)

| | |
|-------------------------------|-------------------|
| Target purchase price | £240,000 or lower |
| Number of properties required | 15 |

Properties advertised at or below target price:

| | |
|---------------------|-----------|
| Three bedrooms | 16 |
| <u>Two bedrooms</u> | <u>81</u> |
| Total | 97 |

Bridging Element of the Fund (for Afghan families)

| | |
|-------------------------------|-------------------|
| Target purchase price | £420,000 or lower |
| Number of properties required | 2 |

Properties advertised at or below target price:

| | |
|---------------|----|
| Four bedrooms | 24 |
|---------------|----|

- 5.8 Therefore, it is reasonable to conclude that there are sufficient affordable properties available on the market in the Borough to achieve the aims of the funding.
- 5.9 It is recommended that the grant offered by the Department for Levelling Up, Housing and Communities should be accepted to; facilitate the provision of properties to house Ukrainian refugees as and when hosting arrangement with Bedford Borough resident come to an end, avoid homelessness and avoid the need to provide other forms of accommodation.

6. ALTERNATIVES CONSIDERED AND REJECTED

6.1 The alternative of not accepting the grant was considered and rejected. The grant will provide additional capital funding to the Council which will increase the availability of housing for Ukrainian refugees and help to alleviate the expected financial pressures from future homelessness applications.

7. SUMMARY OF CONSULTATIONS AND OUTCOME

7.1 The following Council units or Officers and/or other organisations have been consulted in preparing this report:

Acceptance of Capital Grant for Housing for Ukrainian and Afghan Refugees

Finance Portfolio Holder
Housing Portfolio Holder
Management Team
Relevant Managers

Report Contact Officer(s): Lee Phanco, Chief Officer for Assessment, Applications and Business Support (01234)
718358
E-mail lee.phanco@bedford.gov.uk

Previous Relevant Minutes: None

Background Papers: None

Appendices None