

North Yorkshire Council

Corporate Director Resources

13 May 2026

Local Authority Housing Fund Round 4

Report of the Corporate Director Community Development

This report contains a confidential Appendix A which contains information of the type defined in paragraph 3 of Part 1 of Schedule 12A Local Government Act 1972 (as amended) as it contains information relating to the financial and business affairs of the Council and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information

1.0 PURPOSE OF REPORT

- 1.1 The purpose of the report is to recommend that the Corporate Director - Resources (sub-delegated to the Assistant Director of Resources) in consultation with the Executive Member for Finance and Executive Member for Culture, Arts and Housing authorises the acceptance of a Grant of up to £3,132,144 from the Local Authority Housing Fund (LAHF).
- 1.2 To seek delegated authority to authorise the Council entering into any associated agreements with Ministry of Housing, Communities and Local Government (MHCLG) to access and deliver these funds to the Corporate Director- Resources in consultation with the Assistant Chief Executive Legal and Democratic Services. This funding will contribute towards the acquisition of an additional 24 affordable homes to provide accommodation for 15 homeless households into temporary accommodation and nine households from the Afghan resettlement and relocation schemes.

2.0 BACKGROUND

- 2.1 This is the fourth round of funding that MHCLG has made available for Local Authorities to provide additional affordable housing for specific needs, including resettlement of both Ukrainian and Afghan families and provision of temporary accommodation for homeless households. Over the course of the previous three rounds, the Council and its legacy authorities have delivered 59 homes in total.
- 2.2 MHCLG announced the fourth round of the fund in November 2025. This round was larger than previous rounds, with a total allocation of £950 million nationally, compared to £450 million in the previous round, and will be over four years, compared with previous rounds being over just two years. However, the Council was initially allocated a sum of £526,000 to provide four homes, which was significantly lower than what we had been allocated in previous rounds. The lower allocation was due to changes made by MHCLG in the funding formula for the Fund.
- 2.3 The Council were invited to submit an Expression of Interest in respect of the allocation, where we were required to state whether we would accept the allocation, and to also state whether we would be able to deliver more homes. In the Expression of interest, we stated that we were able to deliver an extra 21 homes on top of the four homes, which we had been originally allocated, making a total of 25 homes.

- 2.4 MHCLG have now considered all Expressions of Interest and have provided the Council with a revised allocation of 24 homes, with a revised sum of £3,132,144.
- 2.5 MHCLG have now issued a Memorandum of Understanding (MOU), which will need to be signed and returned to them by as soon as possible. This report seeks approval to enter into the MOU and formally accept up to £3,132,144 in funding. Should the Council enter into the MOU, then we will be required to use best endeavours to deliver all the homes (under the terms of the MOU delivery is measured to occur at exchange of contracts) by 31 March 2030.

3.0 PROPOSAL

- 3.1 The total allocation is £3.132 million to acquire 24 homes, of which 15 will be for temporary accommodation for homeless households and nine will be for Afghan families through the Afghan Resettlement Programme (ARP). The funding is over four years, with all the homes to be delivered by March 31st, 2030. However, the requirement is that we deliver five homes in the initial year (26/27) and the remaining 19 homes in the third year (28/29).
- 3.2 The Council will principally seek to deliver the scheme through the acquisition of properties on the open market, through both new build and the buyback of ex-Council houses. However, we will also consider other opportunities for delivery, which could include the conversion of existing properties, for example, in terms of location, our Refugee Resettlement Manager has indicated that the primary need for properties for Afghan families is in locations where there are existing networks and services in place to support the Afghan community. For the temporary accommodation, the priority will be locations where there is the greatest pressure currently on temporary accommodation. However, there is need for extra temporary accommodation across the whole of North Yorkshire.
- 3.3 We are required to meet the following delivery profile for delivery of these homes.

Property type	Year 1 delivery target (2026-27)	Year 2 delivery target (2027-28)	Year 3 delivery target (2028-29)	Year 4 delivery target (2029-30)	Total delivery target
TA element (2-4+bed)	2	0	13	0	15
R4 resettlement element (2-3 bed)	1	0	4	0	5

Property type	Year 1 delivery target (2026-27)	Year 2 delivery target (2027-28)	Year 3 delivery target (2028-29)	Year 4 delivery target (2029-30)	Total delivery target
R4 large resettlement element (4+bed)	2	0	2	0	4
All property types	5	0	19	0	24

- 3.4 The homes to be acquired will be a mix of three- and four-bedroom properties for Afghan families, as per the requirements of the programme. For temporary accommodation, the programme will not permit us to acquire one-bedroom homes, so they will be a mix of two-, three- and four-bedroom homes.
- 3.5 We are confident that this delivery profile can be achieved, as demonstrated with our track record within similar timescales for the previous LAHF rounds of funding
- 3.6 Financial appraisals have been undertaken, which have demonstrated that the viability of purchasing suitable properties for the programme within all the locations, based on the grant rates, likely acquisition costs and on affordable rent levels, using standard appraisal models developed for the Housing Delivery programme.
- 3.7 The properties will form part of the Council's housing stock and will remain as affordable housing. Whilst the first lettings for the properties will be for the cohort of households identified by MHCLG, subsequent lettings can be made to households in housing need in accordance with the Council's Allocations Policy.
- 3.8 The grant funding allows for the Local Authority to make available existing homes within the Housing Revenue Account (HRA) for the Afghan Families and/or homeless households and use the LAHF funding to replace these homes.

4.0 Overall Costs and Funding

- 4.1 The overall costs and funding requirements are set out in the confidential Appendix A.
- 4.2 There are significant deadlines that must be met for the programme, which are as follows:
- Sign off and return of the MOU as soon as possible
 - First Management Information to be provided by 15 June. The Council will then be required to provide Management Information every two months for the first year, as per the MOU requirements.
 - Delivery of the whole project by 31 March 2030.

5.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 5.1 Consultation has taken place with the Council's Refugee Resettlement Manager who has provided guidance on the most suitable location for the properties.

6.0 CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1 The scheme contributes principally to the following Council priority:

“Place and Environment: Good quality, affordable and sustainable housing that meets the needs of our communities”

7.0 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 The option to work in partnership with a Registered Provider (RP) and passport funds to them to acquire the homes, as per the first round has also been considered. However, given the successful delivery of Rounds 2 and 3 by the Council directly, it makes sense to continue with the Council delivering the programme directly. This approach also gives the Council control over the choice and location of properties purchased and can best ensure that the needs of the refugees, homeless households, and future tenants, are met. It also ensures that the properties become an asset for the Council and contributes to our overall aim of delivering 500 new Council homes by 2029.

8.0 IMPACT ON OTHER SERVICES/ORGANISATIONS

- 8.1 The acquisition of additional homes for Afghan refugees will help alleviate pressure on the Council and ensure the Council is playing its part in supporting Government to meet national commitments toward Afghan refugees. The main impact will be on the Council's Housing Options Services and the Council's Refugee Resettlement Manager in ensuring both initial support to the Afghan households in moving to their new homes and accessing services and any on-going support that might be required.
- 8.2 The acquisition of additional homes for temporary accommodation for homeless households, should also alleviate some pressure on our Housing Option Service in providing a greater amount of available temporary accommodation, particularly for families.

9.0 FINANCIAL IMPLICATIONS

- 9.1 To support delivery of the scheme there will be Capital funding requirement from the Council, which is estimated at £4.16 million. This funding will be allocated from the existing overall HRA capital programme budget which is in place to support the delivery of 500 new homes.
- 9.2 As individual properties are identified to fund under this scheme, further detailed appraisals will be carried out using the standard feasibility modelling approach developed for the wider development programme, this will ensure the properties are financially sustainable.
- 9.3 The acquisition of the 15 properties for temporary accommodation for homeless households, will contribute towards the savings target on temporary accommodation by up to £24,150 per annum per property based on the current annual cost of temporary accommodation using high cost privately owned accommodation. Over 15 properties, this could amount to a revenue saving of up to £362,250 per annum. Detailed information on the financial background to the scheme is contained in Appendix A of this report.

10.0 LEGAL IMPLICATIONS

10.1 The Council will be required to enter into a MOU with the MHCLG for the funding. Whilst the MOU is not legally binding on either party the Council's adherence to the terms of the MOU will be relevant in any future bids for funding from the MHCLG. Any expenditure of the Grant will be in line with the Procurement Act 2023 and where the relevant the Subsidy Control Act 2022.

11.0 EQUALITIES IMPLICATIONS

11.1 An Equalities Impact Assessment screening form has been attached as Appendix B to this report. The screening assessment has indicated that there are no adverse impacts, so no full assessment is required. The homes for Afghan refugees are provided to support the national humanitarian response to the conflict in Afghanistan. Eligibility for the homes is set by the Government.

12.0 CLIMATE CHANGE IMPLICATIONS

12.1 An initial Climate Change Impact Assessment has been attached as Appendix C to this report. The Impact Assessment has indicated that there are no adverse impacts, and a full Climate Change Impact Assessment is not required. Whilst there are no immediate Climate Change implications, any homes that are purchased will be at a minimum of EPC "C" or reach EPC "C" once any required works have been completed.

13.0 RISK MANAGEMENT IMPLICATIONS

13.1 The key risks with the scheme are as follows:

Risk	Potential Impact	Mitigation
The Council does not accept the funding allocation	There would be the risk of probable adverse publicity for the Council. Increased difficulty in meeting local and national commitments toward providing accommodation for Afghan refugees including a potential risk of increased cost associated with the provision of temporary accommodation.	The Council indicates acceptance of the funding
Unable to identify sufficient homes to meet the numbers required or meet delivery by March 2030	Any unspent funds would have to be returned to the Government. Some households may need to go into temporary accommodation.	Previous experience has shown that there are sufficient suitable ex-Council homes coming on to the market to meet the required numbers. In addition, with potential slowdown of market, the supply is likely to increase. The potential for acquisition of other homes, including new builds would mitigate this risk further.

Risk	Potential Impact	Mitigation
Average price of suitable homes increases	Would increase borrowing requirement and on-going borrowing costs Could mean fewer properties could be acquired.	Unlikely as current housing market is experiencing slowdown with values stagnating or even possibly reducing
Cost of refurbishment is higher than £30,000 per property	Would increase borrowing requirement and on-going borrowing costs	Unlikely as £30,000 is reasonable average for refurbishment costs based on previous experience. Any retrofit/decarbonisation costs would be met through the HRA.

14.0 REASONS FOR RECOMMENDATIONS

14.1 To enable the Council to accept the funding of £3,132,144 from the Ministry of Housing, Communities and Local Government (MHCLG) to rehouse 24 households as per the requirement of the Local Authority Housing Fund (Round 4) programme.

15.0 RECOMMENDATION(S)

15.1 It is recommended that the Corporate Director - Resources (sub-delegated to the Assistant Director - Resources) in consultation with Executive Member for Finance and Executive Member for Culture, Arts and Housing authorises the acceptance of grant funding of up to £3,132,144 from the Local Authority Housing Fund.

15.2 That authority be delegated to agree and enter into any associated agreements with MCHLG to access and deliver these funds, including but not limited to the Memorandum of Understanding, to the Corporate Director – Resources in consultation with the Assistant Chief Executive Legal and Democratic Services.

APPENDICES:

Appendix A – Confidential Appendix - Financial Implications

Appendix B – Equalities Impact Assessment

Appendix C – Climate Change Assessment

BACKGROUND DOCUMENTS: None

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Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.