

Dear Deborah

We are writing to you today following the announcement of the Department for Levelling Up, Housing, and Communities new £500m Local Authority Housing Fund (LAHF) which will run over financial years 2022-23 and 2023-24.

The UK has welcomed over 150,000 people from Ukraine through the Ukraine Family Scheme and Homes for Ukraine Scheme. With support from central government, local authorities and communities have worked tirelessly to provide safe refuge for people at their hour of need. These efforts come after welcoming around 23,000 Afghans who worked alongside the British Government, of whom c. 9,200 are living in bridging hotel accommodation.

We are introducing a £500 million capital fund to support the local authorities who we assess will be facing the greatest challenges in providing move on and settled accommodation for these cohorts.

As well as helping to fulfil the UK's humanitarian duties to assist those fleeing war, the fund will create a lasting legacy for UK nationals by providing a new and permanent supply of accommodation for local authorities to help address local housing and homelessness pressures.

We are grateful to those councils and representative organisations who have helped shape the fund.

The fund prospectus, setting out more detail on what it is for and how it works, can be found here:

<https://delta.communities.gov.uk/document-repository/public/download?uri=/document-repository/Local-Authority-Housing-Fund-Prospectus-Final.pdf>.

Your Allocation

Birmingham has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with the following indicative allocation:

Main element: £1720000 in funding. With this funding we expect you to provide a minimum of 20 homes.

Bridging element: £1899239 in additional funding. With this funding we expect you to provide a minimum of 10 larger 4+ bed home(s) to be allocated to households currently residing in bridging accommodation.

As with other affordable housing provision, we expect you to part fund or finance some of the required capital. For 'main element' housing, government funding equates to 40% of total capital costs (Average £66000 grant per property) plus £20,000 per property. For 'bridging element' housing, government funding equates to 50% of total capital costs (Average £169924 grant per property) plus £20,000 per property.

30% of the funding provided by DLUHC will be paid in Q4 2022/23 and 70% in 2023/24 (the 2023/24 funding is paid once the LA has spent 60% of their 2022/23 funding – further details are provided in the prospectus). For example, if you agree to deliver the number of units outlined above, the funding split would be as follows:

Main element: properties for households that meet the eligibility criteria for this Programme

Year 1 Allocation £516000

Year 2 Allocation £1204000

Total Grant £1720000

4+ bed properties for households currently in bridging accommodation

Year 1 Allocation £569772

Year 2 Allocation £1329467

Total Grant £1899239

Total Grant

Year 1 £1085772

Year 2 £2533467

Total Funding £3619239

We are inviting you to submit your proposals for how you would use the funding in line with the scheme's objectives, namely to:

- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route to those fleeing conflict, provide sufficient longer term accommodation to those they support.
- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
- Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined in the programme prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing to those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation;
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort;
- Reduce emergency, temporary and bridging accommodation costs;
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends);
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

Within the framework of the objectives of the fund set out above, we want to provide as much flexibility to local authorities as possible to shape local delivery according to local circumstances. While we assume most delivery will

be via stock acquisition, local authorities will have the flexibility to choose their delivery route. This could include refurbishment or conversion of buildings, acquiring new build properties from developers, building new homes, or passing on the funding to enable housing association delivery.

While local authorities will take the lead in their areas, we would like you to work closely with your partners, particularly neighbouring local authorities and housing associations, who stand ready to assist, and in some cases may be the most appropriate delivery vehicle.

Bridging Element

Supporting local authorities to help move households out of Home Office bridging accommodation is an integral part of the aims of this fund.

Therefore, as a condition of receiving this funding, local authorities are expected to increase their number of pledges and provide additional homes for those in bridging accommodation.

A specific element (the 'bridging element') of the funding will be provided to support local authorities to do this.

Validation Process

With increasing pressures on homelessness services and many people due to leave sponsorship accommodation arrangements in the coming months, action is needed now. Accordingly, we have sought to make the process for taking part in this programme as simple as possible.

You are requested to complete a validation form which provides basic details on your proposal. We will expect your proposal to be supported by your Section 151 officer. The validation form can be found here:

<https://consult.levellingup.gov.uk/funding/2fe6e65e>

You can use this form to let us know if you are not able to deliver the full number of units set out or whether you could deliver more. We will not be able

to consider proposals which breach the grant rates set out above. We will redistribute any residual funding from within the £500m programme as appropriate.

After submitting your validation form, please send your completed and signed Memorandum of Understanding by email to the Local Authority Housing Fund Team via LAHF@levellingup.gov.uk. A blank copy of the Memorandum of Understanding is included which has the standard terms that will be agreed with every local authority, and the text of which is non-negotiable.

<https://delta.communities.gov.uk/document-repository/public/download?uri=/document-repository/LAHF-MOU-Template.docx>

If you are agreeing to deliver your full allocation, the numbers needed to complete the MoU are included in the table above. If you are agreeing to deliver a lower number of units than your allocation, to complete your MoU, calculate the funding amount for your specified number of units, using the Grant Per Property set out above – further detail is included in the blank MoU

Next Steps

The accompanying prospectus outlines the fund in more detail and the process for completing your validation form by 25 January 2023. We encourage you to return your validation form and MoU as soon as you are able to as we may be able to work faster with those who agree to the terms of the programme and return their validation forms and MoU earlier.

We will be hosting online webinars to provide you with an opportunity to ask any questions about the fund.

These webinars will be held via MS Teams which you can sign up to via Eventbrite:

9 January:

<https://www.eventbrite.com/e/lahf-webinar-tickets-487557586867>

12 January:

<https://www.eventbrite.com/e/lahf-webinar-tickets-493598635807>

If you have questions which were not answered by the prospectus or webinar, you can contact the team on LAHF@levellingup.gov.uk

Thank you for everything your local authority is doing to support those fleeing war and to help them adjust to their lives in the UK. We look forward to continuing to work with you in the coming weeks and months.

Yours sincerely,

Emma Fraser and Melanie Montanari
Directors, Housing Supply and Markets
Department for Levelling Up, Housing and Communities

cc LAHF