

**From:** [Ryan Ward](#)  
**To:** [Ryan Ward](#)  
**Subject:** FW: Local Authority Housing Fund Round 3 - Allocations letter  
**Date:** 25 March 2024 17:25:47

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OFFICIAL

**From:** LAHF <[LAHF@levellingup.gov.uk](mailto:LAHF@levellingup.gov.uk)>  
**Sent:** Thursday, March 7, 2024 4:51 PM  
**To:** Deborah Cadman <[Deborah.Cadman@birmingham.gov.uk](mailto:Deborah.Cadman@birmingham.gov.uk)>  
**Subject:** Local Authority Housing Fund Round 3 - Allocations letter

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Dear Chief Executive,

Autumn Statement 2023 announced that the **Department for Levelling Up, Housing, and Communities** would be launching a **third round of the Local Authority Housing Fund, to the value of £450 million, to run over the financial years 2024-25 and 2025-26. There will also be revenue funding to support delivery of the fund.**

**Birmingham has received an initial funding allocation and we would like to invite you to submit a validation form.**

The third round of the Local Authority Housing Fund (LAHF R3) will:

- support local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty. This will reduce the usage of B&B accommodation and will enable local authorities to grow their housing stock, creating sustainable assets to help manage local housing pressures.
- continue to provide resettlement housing for those on the Afghan Citizens Resettlement Scheme (ACRS). We expect these homes to become available to support wider local authority general housing and homelessness responsibilities after the resettlement needs of the eligible cohort have been addressed.
- Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.

The government remains committed to welcoming and supporting Afghans who worked alongside the government and risked their lives alongside our Armed Forces, as well as people who assisted British efforts in Afghanistan. Local authorities play a vital role in integrating recent arrivals to the UK and it is thanks to the hard work of so many in local government and the wider public sector across all parts of our country that we have been able to welcome over 24,000 people to safety.

We are grateful to those councils and representative organisations who have helped to deliver the first two rounds and shape this third round of the fund. We have listened to feedback and have worked closely with stakeholders to evolve the design of the third round and have made the following key changes:

- **Removed the requirement for local authorities to match fund a specific percentage on each home, with full fungibility across the fund elements (TA & resettlement)** – a local authority agrees to deliver a minimum number of TA homes and resettlement homes in exchange for their funding allocation, providing maximum flexibility and simplifying delivery.
- **Increased the programme timeframe to a full two years**, increasing scope for a wider range of delivery options, including new supply.
- **Introduced a 10% new supply uplift** to support the growth of overall housing supply.
- **Providing revenue funding** to local authorities to support programme delivery.

The prospectus for the third round of funding, setting out more detail on what it is for and how it works, can be found here: <https://www.gov.uk/government/publications/local-authority-housing-fund-round-3>

## **Your Allocation**

**Birmingham has provisionally been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with an indicative allocation of £6,616,500 in funding.**

TA element: we expect you to provide a minimum of **46** homes for the TA element.

Resettlement element: we expect you to provide a minimum of **10** homes for the resettlement element.

Large resettlement element (4+ bed): we expect you to provide a minimum of **3** homes for the large resettlement element.

**The median property price in your area is £225,000**

**The base grant rate per property for your local authority is £90,000 (based on 40% of the median property price in your area).**

**For the large resettlement element (4+ bed), 50% of the median property price is provided.**

**To facilitate delivery of new housing, an additional 10% uplift to the grant rate will be added for each unit which you agree will be delivered as a new home. Please indicate through the validation form how many units you wish to deliver as a new home.**

**There is an additional £21,000 per property to account for any other costs, for example refurbishment and conveyancing costs.**

### **Example**

Median property price	£400,000
Base grant rate	£160,000
Large resettlement unit grant	£200,000

Additional per property grant	£21,000
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In the example, the median property price is £400,000. The local authority receives £160,000 for every TA and resettlement unit the local authority is being asked to deliver and £200,000 for every large (4+ bed) resettlement unit.

The local authority will receive an additional 10% uplift on the grant rate for every unit it indicates that it will deliver via new supply.

Each TA unit delivered as new supply would attract a grant of £176,000 (44% of the median property price).

Each large resettlement unit delivered as new supply would attract a grant of £220,000 (55% of the median property price).

The additional £21,000 per property grant is unaffected by the new supply uplift.

## **Revenue Funding**

**To support delivery, you are being provided with an indicative allocation of £51,625 of revenue funding.**

Revenue funding is based on the relative funding the local authority has been allocated and is then adjusted to reflect local labour costs.

## **Scheme objectives**

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

- Reduce local housing pressures by providing better quality temporary accommodation to those owed homelessness duties by local authorities.
- Reduce emergency and temporary accommodation costs.
- Provide sustainable housing to those on the Afghan Citizens Resettlement Scheme (ACRS) at risk of homelessness, so that they can build new lives in the UK, find employment and integrate into communities.
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.
- Support local housing markets by assisting the delivery of new housing stock or new developments to grow overall housing supply.

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

## **Validation Process**

With increasing pressures on homelessness services, 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** to provide basic details on your proposal. We will expect your proposal to be supported by your Section 151 officer. Please see link to the [online validation form](#) and the following link to download the [validation form guidance](#).

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. Proposals will need to use the grant funding as set out above. We will redistribute any residual funding from within the £450m programme as appropriate.

### **Next Steps**

The accompanying prospectus outlines the fund in more detail and the process for **completing your validation form by 17:00 on 28 March 2023**. We encourage you to return your validation form 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 earlier.

Once we confirm the outcome of the validation review process, we will invite local authorities to sign a memorandum of Understanding (MOU) to confirm their final allocation. This will include any new or additional funding agreed as part of the reallocations process.

Please use the following link to download a template of the [LAHF R3 MOU](#). We strongly encourage all local authorities to begin seeking necessary clearances to enter into an MOU (based on the standard terms of the MOU template and the information they provided in the validation form) to ensure timely agreement of the completed MOU once we have completed our review of the validation form.

We will be hosting online webinars to provide local authorities with an opportunity to ask any questions about the fund. **The webinars will take place on 14 March 2024 and 19 March 2024 and will be held via MS Teams. You can sign up via [Ticketsource](#).**

If you have questions which were not answered by the prospectus or webinar, you can contact the team on [LAHF@levellingup.gov.uk](mailto:LAHF@levellingup.gov.uk) . Thank you for everything your local

authority is doing to support those at risk of homelessness and for helping those on the Afghan resettlement schemes find settled accommodation. 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

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