

## Appendix 6

Dear Chief Executive,

We are writing to you today following the Department for Levelling Up, Housing, and Communities' announcement in March of an additional £250 million for a second round of the Local Authority Housing Fund to run over the financial year 2023-24.

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

The United Kingdom has welcomed over 24,000 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. 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 so many people to safety.

The Home Office's Afghan Relocations and Assistance Policy (ARAP) and the Afghan Citizens Resettlement Scheme (ACRS) have already helped around 9,000 people into settled accommodation. In March 2023, the government announced plans to increase support for the remaining Afghan cohort in bridging hotel accommodation to secure settled accommodation. This will help to provide more stability for families so they can rebuild their lives in the UK and contribute to society with the support of public services, schooling, and employment while in parallel also ending the use of bridging hotels which do not offer suitable long-term accommodation and have increased pressure on local communities.

In December 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched the first round of the Local Authority Housing Fund (LAHF R1), an innovative capital fund that supports local authorities in England to obtain housing for those who are unable to find settled accommodation on resettlement schemes.

LAHF R1 provides £500m funding for local authorities in England to obtain accommodation for families with housing needs who have arrived in the UK via Ukrainian (for example the Homes for Ukraine scheme) and Afghan resettlement and relocation schemes. LAHF will help local authorities to address these immediate pressures as well as build a sustainable stock of affordable housing for the future. LAHF R1 aims to deliver over 3,000 homes, with the majority being obtained by November 2023. The intention is also to ensure that those communities, which have been most generous in welcoming those fleeing conflict and persecution in Ukraine and Afghanistan, are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness system.

In March 2023, it was announced that the Local Authority Housing Fund would be expanded by £250m for a second round of funding (LAHF R2), with the majority of the additional funding used to house those on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to ease wider homelessness pressures. The £250m second round of LAHF supports the Government's humanitarian obligations to provide safe and suitable housing to those fleeing their country. LAHF R2 will also support local authorities to acquire good quality, and better value for money Temporary Accommodation (TA) for families owed a homelessness duty by local authorities. This will reduce the usage of B&B accommodation and will enable local authorities to grow their asset base, creating sustainable assets to help manage local housing pressures on an ongoing basis.

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

The prospectus for the second 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-2/local-authority-housing-fund-round-2-prospectus-and-guidance>

#### 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 £1,060,000 in funding.

Resettlement element: we expect you to provide a minimum of 6 home(s) for the resettlement element.

TA element: we expect you to provide a minimum of 4 home(s) for the TA element.

As with other affordable housing provision, we expect you to part fund or finance some of the required capital. Government funding equates to 40% of total capital costs plus £20,000 per property to account for other costs including refurbishment. The grant rate per property for your local authority is £86,000 (based on median property prices in your area) plus £20,000 per property.

The first tranche of LAHF R2 (30% of the funding) provided by DLUHC will be paid in July/August and the second tranche of funding (70%) will be paid in October/December (the second tranche of funding is paid once the LA has spent 60% of their first tranche of 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:

	Tranche 1 allocation	Tranche 2 allocation	Total grant
Total funding	£318,000	£742,000	£1,060,000

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

- Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities;
- Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to those owed homelessness duties by local authorities;
- Reduce emergency, temporary and bridging accommodation costs;
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

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. The online validation form can be found here: <https://consult.levellingup.gov.uk/funding/2db020c1/> and validation form guidance here.

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 rates set out above. We will redistribute any residual funding from within the £250m 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 5 July 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.

A template of the LAHF R2 MOU is available here. We strongly encourage all local authorities to begin seeking necessary clearances to enter into a 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 you with an opportunity to ask any questions about the fund. The webinars will take place on 13 June 2023 and 16 June 2023 and will be held via MS Teams which you can sign up to via Eventbrite: <https://www.eventbrite.com/e/local-authority-housing-fund-round-2-information-webinars-tickets-648020154727>

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