

## Local Authority Housing Fund - Additional Q&A (updated 13 June 2023)

This Q&A document is intended as additional guidance for local authorities delivering LAHF Round 1 and or local authorities delivering LAHF Round 2. The relevant prospectuses for each round should be considered as the primary guides the fund for each Round.

**LAHF R1** provides £500 million of funding for local authorities in England to obtain accommodation for families with housing needs who have arrived in the UK via **Ukrainian and Afghan resettlement** and relocation schemes. LAHF R1 aims to deliver the majority of homes by November 2023. Initial allocations for LAHF R1 were made to 182 local authorities (and the Greater London Authority for the further 33 London boroughs) based on which authorities faced the highest pressures. These authorities could also request to access reallocations of unclaimed funds. Delivery agreement for LAHF R1 delivery have been made via Memoranda of Understanding (MOU) with local authorities. See the LAHF R1 prospectus at

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1148035/Local\\_Authority\\_Housing\\_Fund\\_Prospectus\\_and\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1148035/Local_Authority_Housing_Fund_Prospectus_and_Guidance.pdf)

**LAHF R2** provides £250 million 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. Initial allocations for LAHF R2 were made to 230<sup>1</sup> local authorities facing the highest pressures. These LAs will also be considered for additional allocations (from unclaimed funds) if they can deliver more homes. Local authorities that have not received an initial allocation have been invited to notify DLUHC via an Expression of Interest (EOI) process if they want to be considered for any remaining unclaimed LAHF R2 funds to deliver the programme objectives. See the LAHF R2 prospectus at

<https://www.gov.uk/government/publications/local-authority-housing-fund-round-2/local-authority-housing-fund-round-2-prospectus-and-guidance>

**Note:** LAHF R1 and LAHF R2 have some differing arrangements and operate independently. The announcement and terms of LAHF R2 do not affect or supersede the timelines and delivery agreements in place for LAHF R1.

This Q&A is relevant to delivery of both fund rounds as these rounds have many core similarities.

Where Q&A relate to one funding only this is specified (e.g. using **LAHF R1** or **LAHF R2**.) Otherwise **LAHF** is used to refer to both rounds.

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<sup>1</sup> Including direct initial allocations to 33 London boroughs.

## Q&A Topics

1. How has LAHF R2 funding been allocated?
2. Requirements for LAHF R2 scheme participation
3. Local authority funding contributions to LAHF properties
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## **1. How has LAHF R2 funding been allocated?**

### **Q. Why are only some local authorities in scope for a direct initial allocation of LAHF R2 funds?**

**A.** Funding for LAHF R2 was initially allocated using a formula based on need. All local authorities in England were given an overall ranking based on several sets of data, including their relative ranking in terms of the number of individuals in bridging hotels in their area as of 31 March 2023, and their relative ranking in terms of the level of broader housing pressure; see the [LAHF R2 prospectus](#) for a full list of metrics. These metrics were used to ensure that the areas facing the greatest current and future housing pressures have been prioritised in the funding allocation mechanism. We have allocated funding in this way to fund as many areas as possible whilst meeting the objectives of the programme.

We are inviting local authorities that are not in scope of an initial allocation to express their interest in reclaimed funding so that we may consider them, in line with the formula ranking, in the reallocations process. See the LAHF R2 Prospectus for details.

### **Q. Why are you weighting rankings to take into account the location of bridging hotels?**

**A.** Local authorities have been ranked 50% on bridging hotel population and 50% on broader housing pressures. Targeting funding to areas with bridging hotels will ensure funding goes to areas likely to see more immediate homelessness pressures arising from the closure of bridging hotels. The capacity of local authorities to respond to specific pressures, such as the closure of bridging hotels, is likely to be more limited in areas of existing high pressures due to factors such as a shortage of housing and associated higher housing costs.

### **Q. Why is the bridging hotel data from March 2023?**

**A.** The data from 31 March 2023, published on 25 May, is the latest published data on bridging hotels, which aligns with our principle of using published data for the purposes of transparency and data quality. The full dataset can be found here: <https://www.gov.uk/government/statistical-data-sets/immigration-system-statistics-regional-and-local-authority-data>.

### **Q. If our local authority didn't receive an initial allocation of LAHF round two funding, can we still participate and how?**

**A.** Local authorities which did not receive an initial allocation are invited to express an interest in being considered for any remaining unclaimed LAHF R2 funds to deliver the programme objectives.

The online Expression of Interest (EOI) form is available to complete at <https://consult.levellingup.gov.uk/funding/a31a3c19/>, and EOI form guidance can be found [here](#). All EOI forms must be returned by 17:00 on Wednesday 5 July 2023.

We will review forms as we receive them and will endeavour to confirm to local authorities submitting an EOI whether reallocations funds are available to them from 24 July onwards.

## **2. Requirements for LAHF R2 scheme participation**

**Q. Where local authorities have received an indicative allocation do they need to accept both elements of the funding offered i.e., the Afghan resettlement element and the TA element, or can they choose to do just one element?**

**A.** Local authorities which receive an indicative allocation can choose to only accept the Afghan resettlement element of the funding, however local authorities cannot choose to only accept the TA element of the funding. Their indicative allocation email details the number of homes in each element for which funding has been allocated. We will consider alternative proposals for reduced delivery of resettlement units on a case-by-case basis, but this may result in funding being reallocated.

**Q. We won't be able to deliver all LAHF R2 units by the March 2024 deadline; can we still take part?**

**A.** We ask local authorities delivering the LAHF R2 programme to commit to making best endeavours to deliver by 29 March 2024, to achieving value for money, and to sharing monitoring information with DLUHC on delivery progress. Delivery of the fund will be measured based on exchange of contracts, or equivalent milestone where exchange of contract will not occur, and the number of families housed.

**Q. We might struggle to get through our governance timescales in time for the 5 July 2023 validation / EOI online form deadlines; can we still take part?**

**A.** Completing the validation/EOI form is not a commitment to receiving funding or delivering the programme in your area. We strongly encourage all local authorities to fill out the online form by 5 July 2023 to let us know their intent and capacity to deliver the funding.

Once we have reviewed all validation/EOI forms and confirmed the outcome to local authorities, we intend to confirm any funding offer with LAs through signing Memoranda of Understanding (MOUs) with local authorities. We expect that any local authority signing an MOU with DLUHC will at that stage have obtained all the necessary approvals to do so. 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.

To receive a Tranche 1 payment by the last working day of July 2023, the local authority must sign and return the MOU by 14 July 2023. To receive a Tranche 1 payment by the last working day of August 2023, the local authority must sign and return the MOU by 14 August 2023.

If a local authority misses the deadline for submitting their validation/EOI forms or either of the MOU signing dates above, they are unlikely to receive funding at Tranche 1. Whether it is still possible to provide them with full funding will depend on when we receive the necessary details from them and the progress of the reallocations process (including the amount of money left to reallocate).

**Q. Can local authorities which have received an indicative allocation, scale down the allocation of either or both elements?**

**A.** If a local authority is unable to deliver their full allocation, we expect them to outline in the validation form the number of homes they can deliver. We will consider requests for lower delivery – these will be reviewed on a case-by-case basis.

If the Department agrees to a proposal for lower delivery, any funding will be scaled down proportionally to reflect the number of homes due to be delivered, based on the grant per property outlined in your allocation email.

### **3. Local authority funding contributions to LAHF properties – what can count as ‘match funding’?**

**Q. If local authorities want to use the funding for refurbishment of existing stock – what counts as the 60% match funding?**

**A.** This funding is to provide local authorities (as well as housing associations, and local authority-owned housing companies) with **additional** housing stock which provides for the immediate needs of the target cohorts and leaves a lasting legacy of social housing stock for the future.

The funding has been designed to be used flexibly – this includes using the grant to refurbish existing stock to meet the needs of the specified cohort. If the local authority already owns the home, it needs to be satisfied that its proposal delivers this – for example, by funding refurbishment needed to enable long-term void stock to be brought back into use, as opposed to using the funding to refurbish existing stock already in use. This grant is not designed to be used for routine repairs or Decent Homes work and is not intended to meet all costs associated with maintenance and upkeep.

If the local authority is satisfied that refurbishment would enable a long-term additional increase in stock, then it should ensure it spends the grant in a way which is good value for taxpayer money (and considers the income which will be received from the rent), alongside their financial contribution towards the property when considering what constitutes the 60% match. The overall intervention rate across their portfolio should be maintained.

**Q. Can other grants or streams of local authority income be used as match funding?**

Whether other sources of funding can be used as match funding will depend on the specific objectives and rules around those funds. Local authorities will need to satisfy themselves that the funding can be used in this way. In terms of specific sources of funding:

- **S.106 cash contributions**

**A.** Whether cash contributions secured by local authorities’ s.106 can be used as match funding will depend on the specific wording of the s.106 agreement. Local authorities should check the requirements of their s.106 agreement and see if the agreement stipulates for what purpose the funding can be used. The local authority will need to be satisfied that use of s.106 funds in this way is legally permitted under the agreement.

If the LA does use s.106 funding they should ensure that this still delivers a net increase in the combined number/value of affordable and LAHF properties (reflecting the number of units funded via this programme), on top of the number which would have been delivered otherwise without this grant.

- **Afghan support tariffs**

A. The current funding instructions for the 2023/24 financial year allow local authorities to use the new flexible housing funding (£7,100 per person) and the existing bridging hotel wraparound funding (£28 per person per day) flexibly, including for (but not limited to) rental top-ups, landlord incentives, resource, and capital projects such as stock acquisition or refurbishment. These funds can also be used as match funding for LAHF R1 and R2 properties for those on the Afghan resettlement schemes (referred to as the 'resettlement cohort' in LAHF R2). Full details on how to claim the funding and eligibility can be found here:

<https://www.gov.uk/government/publications/afghan-schemes-funding-instructions-2023-to-2024>.

- **Affordable Homes Programme funding and Right to Buy receipts**

A. AHP funding and Right to Buy receipts **cannot** be used as match funding for either LAHF R1 or LAHF R2 properties.

- **Homelessness Prevention Grant**

A. Local authorities could decide to use the HPG for contributions towards LAHF properties, provided they are satisfied that the HPG resource funding should be used for capital costs associated with LAHF. However, given the significant pressures local authorities already face on their HPG funding (for example, to fund immediate needs for TA), we understand using HPG funding is unlikely to be a preferred route to fund LAHF properties.

**Q. Does match funding have to come from a local authority? Does match funding from Registered Providers or Housing Associations count?**

A. No, match funding does not have to come from a local authority – RPs and HAs can provide the required funding.

**Q. Are any negotiations underway with Treasury to reduce PWLB borrowing rates for this scheme?**

A. We are not conducting negotiations with Treasury regarding this programme.

At Spring Budget 2023, a discounted HRA rate for PWLB borrowing was announced. The rate of gilts + 0.4% will be available from mid-June for one year. Further details on this will be published shortly.

**Q. Is there any resource funding? How should LAs fund the resource elements of this programme?**

**A.** The programme does not include any resource funding. Local authorities can use other funding available to them for the resource costs incurred. They may also be able to capitalise revenue costs, although it is for their accounting teams to determine whether this is appropriate, and local authorities should ensure that the accounting treatment adopted is deemed compliant with the Code of Practice for Local Authority Accounting.

**Q. Is there any scope for funding to be carried forward into 2024/25 or the scheme to be extended?**

**A.** Funding for LAHF R1 is available in the financial years 2022/23 and 2023/24 only and participating local authorities have committed to best endeavours to complete LAHF R1 delivery by 30 November 2023.

Funding for LAHF R2 is available in the financial year 2023/24 only. We ask local authorities to deliver the LAHF R2 in their areas with best endeavours by 29 March 2024. Delivery of the programme is measured on the basis of exchange of contracts, or equivalent milestone where exchange of contract will not occur, and the number of families housed. Where a local authority is not able to meet these deadlines, they should outline their delivery plans in the validation form.

**Q. Can local authorities access the PWLB project rate to finance acquisitions?**

**A.** The PWLB lending facility is operated by the UK Debt Management Office (DMO) on behalf of HM Treasury. Individual local authorities should consider the guidance at <https://www.dmo.gov.uk/responsibilities/local-authority-lending/> when determining financing arrangements for its contributory share of funding.

#### **4. What can LAHF funding be used for?**

**Q. Can we buy affordable units secured through s.106 for LAHF?**

This will depend on the specific wording of the s.106 agreement in place, and the way in which you are looking to deliver the LAHF programme.

If the LA does buy affordable units secured through s.106 they should ensure that this still delivers a net increase in the combined number/value of affordable and LAHF properties (reflecting the number of units funded via this programme), on top of the number which would have been delivered otherwise without this grant.

**Q. How would it work if we wanted to buy shared ownership homes to use for this programme, as they may have Affordable Homes grant attached, which is precluded from use?**

**A.** Local authorities should ensure that they are not double grant funding properties in a way which might lead them to breach previous commitments. On buying shared ownership



properties funded through grant funding programmes such as the Affordable Homes Programme, local authorities should consult their individual grant agreements to determine how to proceed.

**Q. Can LAHF delivery be met by buying properties on the open market?**

A. Yes, buying freehold or (long term) leasehold properties on the open market is included in the LAHF R1 and LAHF R2 prospectus as part of the following option: 'Acquiring, refurbishing and/or converting non-local authority owned residential or non-residential buildings, including bringing empty or dilapidated properties back into use'.

**Q. Can local authorities use the TA element (of LAHF R2 funding) to support families into settled accommodation?**

A. Where appropriate, local authorities could use this funding flexibly to procure accommodation which supports them to end the prevention or relief duty for eligible families.

**Q. What can the £20k per property be used for?**

A. The additional £20k per property is included to cover some of the further costs of obtaining a property which councils may incur. For example, this could include funding things like refurbishments, energy efficiency measures, legal costs, decoration, furnishings, or otherwise preparing the property for rent.

As above, local authorities may use this £20k towards the purchase of the property if preferred. See also the question "Is there any resource funding?" (in section 3) regarding the broader question of revenue funding.

**Q. If we purchase new-build homes where there is no need to use the £20k refurbishment funding, can the £20k be added to the main grant towards the purchase of the property?**

A. Yes. The £20k is a nominal amount for refurbishment costs, and LAs can use this toward the purchase of the property if they wish. LAs can determine how they use the £20,000 per property and how much of the total refurbishment is to be spent on each individual property.

**Q. Do we have to use funding to acquire properties in our own local authority area, or can we acquire out of area?**

A. Local authorities should aim to acquire properties in their own area wherever possible. Where there is a need to acquire properties in a neighbouring local authority's area, we would encourage close collaboration between the local authorities, to minimise the risk of unintended consequences and ensure there is a clear agreement on the treatment of any related tariff funding (and associated support to households). Local authorities should have regard to suitability requirements when acquiring properties for TA, including through taking into account accessibility to support services and other facilities.

Also note that it may be more complex to establish permissions for charging Affordable Rents on LAHF properties when a local authority acquires property outside of its borough boundaries. (See below question “ In what circumstances can Affordable Rents be charged for LAHF funded properties?” in section 9.)

**Q. Are we able substitute properties in existing stock to make allocations for the LAHF target cohorts (to speed up delivery) and then move the LAHF acquisition into general stock?**

A. Yes, providing that stock is deployed for LAHF purposes and units are replaced to ensure the fund is delivering homes additional to those already available (reflecting the number of units funded via this programme).

**Q. Can we apply the grant to spend that has already been incurred?**

A. Yes, local authorities can include properties on which spend has already been incurred, if this speeds up delivery, providing that stock is deployed for LAHF purposes and the local authority ensures alternative delivery any units brought into LAHF in this way, i.e. the LAHF fund should deliver homes as per LAHF delivery numbers agreed, additional to any existing other housing delivery streams for that local authority.

**Q. Can we use Right to Buy first refusal purchases for this programme?**

A. RTB first refusal purchases could be used for this programme as long as their purchase does not use other grant subsidy (e.g. AHP, s.106 payments, or non-RTB housing receipts).

**Q. Can I purchase LAHF R1 properties, or LAHF R2 resettlement properties, and manage them as TA?**

A. We want to provide local authorities with as much flexibility as possible to shape local delivery according to circumstances in each area. We encourage you to read Section 2.1 of the LAHF prospectuses to assess whether options for delivery in your local authority can be delivered within the framework of the purpose and objectives of the fund. You will need to be satisfied that your specific plans are legal and deliverable.

Using LAHF R1 and the ‘resettlement’ element of LAHF R2 to *lease* properties for use as TA would not be in line with the objectives of LAHF R1 and the ‘resettlement’ element of LAHF R2 respectively. Depending on how the LA delivers this, purchasing properties to use as TA for this cohort may meet the programme aims however we expect that LAs should primarily seek to procure settled accommodation for this cohort.

It is up to local authorities to determine the precise rent level and tenure of homes in line with the fund objectives, but properties should be sustainable for the eligible cohorts.

**Q. Is private sector leasing within the definition of stock acquisition?**

**A.** We encourage you to read Section 2.1 of the LAHF prospectuses to assess whether options for delivery in your local authority can be delivered within the framework of the purpose and objectives of the funds. Using LAHF funds to private sector lease properties is unlikely to be in line with its objectives, given they may not deliver the longer-term aim of increasing housing available in the long term to support wider local authority housing and homelessness responsibilities to UK nationals.

**Q. For either round of LAHF, can we use properties already in other development pipelines?**

**A.** Yes, however this funding needs to provide additional stock for and therefore if units are transferred out of a local authority's existing development pipeline, then additional units need to be acquired to replace these so that the net number of units still increases by the number of units funded through the programme.

**Q. Can Local Authorities partner to deliver LAHF with housing associations which are not registered providers? (e.g., community-led housing organisations)**

**A.** LAHF delivery routes can include delivery housing associations which are not registered providers. Local Authorities have flexibility to decide the most appropriate LAHF delivery route for their local setting and references in the scheme documentation are not intended to exclude delivery by non-registered housing associations. Overall, LAs should be satisfied that any delivery arrangements they have with a third party best assist the Local Authority in its best endeavours to deliver homes which meet the overall objectives of the programme.

**Q. Can we work with one housing partner on the resettlement element and then another on the TA element?**

**A.** Yes. It is for local authorities to decide on the best approach for local delivery and whether to deliver through (one or more) partners. Overall, LAs should be satisfied that any delivery arrangements they have with a third party best assist the Local Authority in its best endeavours to deliver homes which meet the overall objectives of the programme.

**Q. Are there any restrictions on the types of properties that can be purchased? Are 'street properties' a preference to new build?**

**A.** The fund does not have restrictions such as houses/flats or new build/existing communities and it is for local authorities to determine which kind of properties are most appropriate. For homes for those on Afghan resettlement schemes, LAs should speak with their SMPs to identify the type of properties (including location within their area) which would be suitable and would therefore be successfully matched with a household from bridging accommodation. For the TA element, LAs should have regard for TA suitability requirements.

**Q. What sizes of properties should we acquire LAHF R2?**

**A.** The funding is mainly based on the provision of 2-4+ bed homes.

For the resettlement element, we anticipate that there will be a range of family sizes on Afghan resettlement schemes who will require accommodating when hotels close, including those needing larger 4+ (i.e. five or six bed) homes.

To meet the wider needs of those who are or are living in bridging hotels we would encourage local authorities to continue to use their relationships with their SMP, each other, and with government staff in bridging hotels to identify the kind of properties that will be suitable to meet these needs.

**Q. Can we deliver 1-bedroom properties if there is an identified need?**

**A.** The funding is based on the provision of 2-4+ bed homes. We expect that families will be the primary recipients of LAHF funding. However, a limited provision of 1 bed homes or TA units may be considered because these better suit the needs of the eligible cohorts in the area or constitute the majority of the available stock to purchase.

If this means the average grant rate equates to more than the maximum percentage, the local authority is expected to acquire more units with this funding than the estimated minimum (or outline in the MOU process that less funding is needed to deliver the number of units outlined in their allocation) in order to ensure value for money and not exceed the maximum grant rate.

**Q. Will properties be required to meet current national space standards?**

**A.** Local authorities should comply with relevant regulations and statutory guidance, and should be mindful of TA suitability requirements.

**Q. Can the government give practical illustrations of what partnering with other local authorities might look like?**

**A.** One example could be 3 or 4 local authorities pooling their funding and working with one regional RSL who might procure across the common area, but local authorities agree to use properties as a pool rather than reserving access to properties only to the local authority that individual properties sit within.

## **5. Grant rates and how funding is calculated**

**Q. Can we negotiate a higher level of funding if we have evidence the funding is insufficient for the number of properties?**

**A.** No, the grant rate per property is calculated relative to local property prices and therefore should reflect the cost of housing within the local authority. The programme is

designed to fund only part of the property, as is the case for similar programmes like the Affordable Homes Programme. In addition to the grant rate, there is also the non-ringfenced £20k per property to help facilitate the purchase of the property.

**Q. The benefit cap is a massive issue across every LA in the UK, especially for larger families, does the fund account for this?**

**A.** Yes, for LAHF R1 we take this into account by increasing the grant rate for the 4+ bedroom bridging element properties to 50% of lower quartile rents, given the additional challenges of providing affordable larger properties. For LAHF R2 we have moved to linking grant rates to median quartile house prices – to support local authorities in providing the right properties with rent levels that are affordable for households.

Additionally, families on the Afghan resettlement schemes and currently resident in bridging hotels are also eligible for the flexible housing funding of £7,100 per person, which can be used for (though is not limited to) deposits, landlord incentives, rent, rental top-ups, support with rent guarantees and capital spend. The Government is providing this funding in recognition of the need to find a significant number of properties in a short space of time. The funding instructions for the flexible housing funding can be found here: [Funding instruction: Afghan Citizens Resettlement Scheme and Afghan Relocation and Assistance Policy \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/104444/funding-instructions-afghan-citizens-resettlement-scheme-and-afghan-relocation-and-assistance-policy.pdf)

Existing claims from previous financial years from local authorities for funding from the Housing Costs Fund (HCF), designed to provide rental top-ups for larger households, will also be honoured.

**Q. Property prices vary significantly across the country - has this variation in price/cost been factored into the allocations?**

**A.** Yes. For both rounds of the fund, the amount of grant per property is calculated relative to local property prices, and therefore should reflect the cost of housing in the local authority. In addition to the grant rate per unit on both rounds of the fund, a further £20k per property is added to account for other costs, including refurbishment.

**Q. What is the 'median price' referred to in LAHF R2?**

**A.** The median property price used to calculate the funding per property through LAHF R2 is based on the ONS data from the year ending 30 September 2022 (data for all house types): <https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/housing/datasets/medianhousepriceforationalandsubnationalgeographiesquarterlyrollingyearhpsdataset09/current/hpsdataset9medianpricepaidforadministrativegeographies.xls>

**Q. Are survey and legal costs included within the grants per unit?**

**A.** The maximum average grant rates per unit are calculated in reference to the costs of acquisition or refurbishment that the council charges to its capital budget plus £20,000 per property. Eligible costs funded by the LAHF grants could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. Local authorities should ensure they comply with the Code of Practice for Local Authority Accounting.

The local authority can determine how it uses the £20,000 per property and can choose how much of the grant is to be spent on each individual property.

**Q. Why are local authorities receiving a grant per property rather than viability gap funding?**

**A.** We have used fixed average grant rates to give local authorities maximum clarity and flexibility to meet local needs and procure the most appropriate homes in the delivery timelines we require.

## **6. Fungibility**

**Q. Fungibility - Is it possible to mix surplus grant scheme element funds?**

**A** On fungibility, LAHF R1 and LAHF R2 have slightly differing objectives, target cohorts and grants per property and therefore different fungibility criteria apply.

LAHF R1 fungibility:

**Q. (LAHF R1) In some areas bridging element or main element properties are more costly relative to the grants per units available. Can we mix and match across from one grant element to the other?**

**A.** No, this is not possible. The grant per unit is for the portfolio of properties in each element (i.e. bridging element, main element), not individual purchases, so there is scope to spend more or less on individual properties within each fund element. This applies to both purchase costs and the £20k refurbishment allowance. However, a surplus from the one element grant cannot be used to increase the grant available for the other element.<sup>2</sup>

It would be open to a local authority to maximise the overall grant used if one element of your portfolio targets more affordable properties, leaving more scope to purchase properties for the other element – however the grant rates per element unit type are fixed and therefore the local authority would need to be comfortable about providing the appropriate match funding for all properties delivered.

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<sup>2</sup> Note however separate arrangements apply for LAHF R1 reallocations to London boroughs - see section 14 for details.

**Q. (LAHF R1) Can bridging element properties be let to both Afghan and Ukrainian families (or vice versa?)**

A. Properties which are procured in relation to the ‘bridging’ element of the grant (i.e. those on Afghan resettlement schemes who are currently residing in, or have resided in, bridging hotels) can only be used for households on those schemes – i.e. ARAP or ACRS. The ‘bridging’ element cannot be used for households who do not fulfil this criteria.

However, whilst the two scheme funding elements are not fungible, ‘main’ element properties can be used to for both Ukrainian and Afghan households, as per the scheme eligibility criteria.

**LAHF R2 fungibility:**

**Q. (LAHF R2) In some areas, TA element or resettlement element properties are more costly relative to the grant per units available. Can we mix and match across from one grant element to the other?**

A. Yes, this is possible. In LAHF R2 both the TA element and the resettlement element properties have the same grant per unit and the same property sizes. Local authorities can blend the funding elements as long as they meet the overall delivery requirements for each property stream. Local authorities should also note that the grant per unit is for the portfolio of properties in each element (i.e. bridging element, main element), not individual purchases, so there is scope to spend more or less on individual properties within each fund element. This applies to both purchase costs and the 20k refurbishment allowance.

## **7. Eligible cohorts**

**Q. Would families resettling from Hong Kong be eligible?**

A. No, families resettling from Hong Kong would not be eligible. This programme is designed to respond to the large and unanticipated pressures from the significant numbers of arrivals from Ukraine and Afghanistan. LAHF R1 and LAHF R2 are therefore focused only on these cohorts.

**Q. Would single households be eligible for LAHF properties ?**

A. Given the purpose of LAHF funding to increase resettlement provision and improve homelessness provision, we expect that families will be the primary recipients of LAHF properties however allocations to single households could be appropriate if this best suits the needs of the eligible cohorts in the area.

**Q. Can LAHF R1 bridging element properties be let to both Afghan and Ukrainian households**

**A.** No, properties which are procured in relation to the bridging element of the grant (i.e. 4+ bedroom properties) are only for larger households who are currently residing in, or have resided in Home Office bridging hotels. They cannot be used for Ukrainian households.

However, whilst the two scheme funding elements are not fungible, 'main' element properties can be used to for both Ukrainian and Afghan households, as per the scheme eligibility criteria.

**Q. Should lettings to LAHF R2 resettlement element properties be restricted to Afghan households?**

**A.** Yes, properties which are procured in relation to the resettlement element of the grant are only for households on ARAP/ ACRS schemes who are currently residing in, or have resided in Home Office bridging hotels.

Properties procured in relation to the TA element of the grant could also be let to the resettlement cohort where this is the best response to local homelessness pressures.

## **8. Payment arrangements**

**Q. If a non-stock holding local authority partners with a housing association for delivery, will the funding be paid direct to the housing association if an application to the fund is successful?**

**A.** No, funding will be paid to the local authority as this fund is being delivered via a section 31 grant. The local authority can then pay this to the **housing association** if this is how they choose to deliver the scheme.

**Q. Is the sale of LAHF funded properties restricted? Do sale receipts need to be repaid or recycled?**

**A.** LAHF funding does not place restrictions on the sale of properties purchased, or the receipts from such sales.

However, the LAHF prospectus and MOU highlight the programme's aim to deliver a housing legacy, i.e., "to create a lasting supply of affordable housing for the general population" which is available for the lifetime of the properties. To best achieve this, we recommend that local authorities:

- ensure VFM assessments of their delivery plans give due regard to programme aims for long term housing legacy
- ensure that any contractual arrangements or MOU frameworks they adopt with partner housing providers include appropriate mechanisms to reflect the LAHF programme objectives (including specifying any desired restrictions or expectations regarding disposals)

**Note:** this clarifies and corrects LAHF R1 prospectus guidance which stated



at 3.4 that if properties are *disposed of*, they will be subject to the Recycled Capital Grant regulations. These regulations will not apply to funding provided by DLUHC direct to Local Authorities under LAHF. However, separate arrangements apply where the Greater London Authority distributes LAHF R1 funds to London authorities – this distribution will be social housing assistance as defined in section 32(13) of HRA 2008 and therefore Recycled Capital Grant funding regulations will apply to properties funded via this route.

## **9. Tenure type and rent levels**

### **Q. What will the expected tenure be for LAHF properties?**

**A.** It is up to local authorities to determine the precise rent level and tenure of homes in line with the fund objectives, but properties should be sustainable for the eligible cohorts. The tenure offered should afford occupants appropriate security relative to expected length of residence.

### **Q. What rents can be charged in LAHF funded properties?**

**A.** It is expected that all homes delivered through this fund will be affordable/low-cost housing both in the immediate term, and to support wider local authority housing and homelessness responsibilities for the remainder of their lifetime.

It is up to local authorities to determine the precise rent level and tenure of homes in line with the fund objectives and other existing rules/regulations. This could include social rent, Affordable Rent, or a discounted private rent for resettled housing.

### **Q. Will the recent rent cap on social housing rents apply to LAHF funded properties?**

**A.** If social rents are charged for LAHF properties these will not be subject to the recent rent cap, given they are new rentals.

### **Q. What rents can be charged in LAHF funded Temporary Accommodation properties?**

**A.** All temporary accommodation rents should be low cost / affordable to the occupants and in line with Housing Benefit Subsidy regulations for property types.

### **Q. In what circumstances can Affordable Rents be charged for LAHF funded properties?**

The LAHF R1 and R2 prospectuses set out: “It is up to local authorities to determine the precise rent level and tenure of homes in line with the fund objectives. This could include social rent, Affordable Rent, or a discounted private rent.”

If local authorities decide that Affordable Rent is an appropriate rent structure for their LAHF R2 delivery, those authorities and partner Registered Providers will want to be confident that they have complied with the relevant Rent Standard requirements.

Under the Rent Standard, Affordable Rent may only be charged in certain limited circumstances which include where the accommodation is provided pursuant to an agreement between a local authority and the Secretary of State, and the accommodation is permitted by that agreement to be let at an affordable rent (paragraph 3.8b).

Local authorities delivering LAHF R1 properties, that wish to charge Affordable Rent (or enable their partner Registered Providers to charge affordable rent) are invited to agree an addendum to their main LAHF R1 Memorandum of Understanding (MOU) with DLUHC. This agreement will enable Affordable Rent to be charged for relevant properties as defined in the MOU. Interested LAHF R1 local authorities can arrange an MOU addendum by contacting the LAHF team at LAHF@levellingup.gov.uk

For those local authorities delivering LAHF R2 properties that wish to charge Affordable Rent (or enable their partner Registered Providers to charge affordable rent) the LAHF R2 MOU includes terms to enable Affordable Rent to be charged for relevant properties as defined in the MOU.

Note that any permissions to charge Affordable Rents for LAHF properties via the above MOU process would only become effective from the date of the MOU/ MOU addendum agreement.

Local authorities and partner Registered Providers should be note that this agreement does not give Registered Providers permission to convert existing social rent homes to Affordable Rent and that this agreement only relates to LAHF properties within the borough boundaries of the Council which is party to the MOU.

Separate permission arrangements apply where the Greater London Authority distributes LAHF funds to London authorities and other Registered Providers for the delivery of homes within London. In accordance with the Rent Standard (paragraph 3.8a), an Affordable Rent may be charged where the accommodation in question is provided pursuant to a housing supply delivery agreement with the Greater London Authority and the accommodation is permitted by that agreement to be let at an Affordable Rent. The grant agreements for LAHF funds between the Greater London Authority and successful applicants will constitute housing supply delivery agreements for this purpose.

**Q. If we make allocations for the LAHF target cohorts into existing stock, and "backfill" with new stock would the permission for Affordable rents be for the properties used for the resettled households, or for the purchased properties which would be used for general needs housing?**

Where permissions to charge Affordable Rent are established via the LAHF R1 MOU addendum agreement or the LAHF R2 MOU agreement, these permissions pertain to the properties purchased, rather than the properties used for resettled households.

Note therefore that if a Local Authority (or RP partner) lets alternative properties in their stock to the target cohort, the LAHF Affordable Rents permissions MOU would not extend to these existing properties (and for the avoidance of doubt would not provide permission for any change of HRA social rent properties to a different rent structure.)

**Q. Can Affordable Rents be charged in LAHF acquisitions of former right to buy properties?**

With regard to former right to buy properties, the restriction on conversion of social rent to affordable rent accommodation in the Rent Standard does not apply where a property has previously been disposed of, including through the right to buy, even where the property has been repurchased by the LA.

**Q. What rents can be charged if Local Authorities deliver LAHF provision via Local Authority Housing Companies?**

Under the LAHF grant programme LAs have flexibility on delivery methods, which can include delivery via LA housing companies. LAs also have flexibility on rent levels, albeit the LAHF homes should provide an affordable/low-cost housing resource.

An LA housing company may become a Registered Provider but is not required to do so, and it will be for the LA to determine the wider priorities of its housing company, including whether it is a Registered Provider.

If the housing company is a Registered Provider then it will require permissions to charge Affordable Rents (for which see guidance in above Q. “In what circumstances can Affordable Rents be charged for LAHF funded properties?”)

A body that is not a Registered Provider will not be bound by the Rent Standard and is free to charge any rent it wants. However, the housing company can choose to set e.g. a sub-market rent (and LAHF local authorities using this delivery route will need to be satisfied that rent level are ‘low-cost/ affordable’ to meet the wider aims of the LAHF programme.)

## **10. Allocating / letting LAHF properties to cohort groups**

**Q. How should local authorities allocate to LAHF properties?**

**A.** It will be up to local authorities to decide how to deliver and manage this fund locally. The local authority should make reasonable endeavours to prioritise households based on who (in the target cohort) are most in need when matching eligible households with properties. Beyond this, local authorities may use any lawful route that allows them to deliver this fund to cater for the needs of their area and to meet the wider needs of those who are or were living in bridging hotels.

**Q. What happens if we buy a property but then can't let it to the target groups?**

A. If the LA does not have individuals from the eligible cohort presenting as homeless or at risk of homelessness at the time the properties are available, the LA should consider options which are in line with the objectives of the scheme.

To meet the wider needs of those who are or are living in bridging hotels we would encourage local authorities to continue to use their relationships with their SMP, each other, and with government staff in bridging hotels to identify and match families to suitable properties. Early engagement on the matching process will help to ensure that properties being delivered through this fund match the housing needs of families in bridging accommodation as much as possible.

**Q We've purchased a property for the LAHF R2 TA element that will be ready earlier but have need from the resettlement cohort, can we use it for resettlement instead (or vice versa)?**

For LAHF R2 (in which where both the TA and resettlement elements have the same grant per unit and property size range) this is permissible. However local authorities should avoid any redesignation which would reduce their ability to meet their overall delivery commitments for each element (i.e., delivery targets remain unchanged.)

However, for LAHF R1 a similar redesignation is not possible given the differential grant rates per units, and property size range, between the main element and the bridging elements of the fund.

**Q. How can local authorities best meet the needs of those living in bridging hotels?**

A. To meet the wider needs of those who are or are living in bridging hotels we would encourage local authorities to continue to use their relationships with their SMP, each other, and with government staff in bridging hotels to identify and match families to suitable properties. Early engagement on the matching process will help to ensure that properties being delivered through this fund match the housing needs of families in bridging accommodation as much as possible.

We would encourage LAs who do not have bridging hotels to consider if it would be possible to support families matched to LAHF homes in advance of that home being ready. Where possible, accommodating the household in your area prior to them moving into the LAHF property will help the household to integrate sooner.

The new [flexible funding announced in March](#) can be used to support this. While we want to minimise the risks of homelessness for all households, in cases where the council has accepted a homelessness duty (relief or main) for a household for the period until the LAHF property is ready for move-in, they would be eligible to claim the £9,150 per household homelessness funding as well as the wider wrap around funding (£28pppd) if placed in Temporary Accommodation for up to 6 months.

## **11. Social housing legacy**

### **Q. When can these properties be made available to support wider local authority general housing and homelessness responsibilities?**

Given that the LAHF R1 and LAHF R2 fund aims to create a lasting supply of affordable housing for the general population (see fund objectives at section 2.1 of the Prospectuses), we expect this stock to become available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed.

As the housing landscape in each area and the circumstances of eligible households vary, we will not mandate local authorities apply a fixed tenancy duration for housing funded through the fund, though in many cases this may be appropriate. If the tenancy is shorter than expected (for example, if a family leaves early) the LA should assess local circumstances to ensure that the property continues to be used appropriately as outlined in the Fund's objectives. It is up to the LA to determine when the immediate needs of the eligible cohort have been addressed and therefore the appropriate time for the housing to transition to being used for general housing and homelessness responsibilities. LAs will want to consider the level of housing need and homelessness presentations amongst the eligible cohort as part of this.

If the LA does not have individuals from the eligible cohort presenting as homeless or at risk of homelessness at the time the properties are available, the LA should consider options which are in line with the objectives of the scheme.

To meet the wider needs of those who are or are living in bridging hotels we would encourage local authorities to continue to use their relationships with their SMP, each other, and with government staff in bridging hotels to identify and match families to suitable properties. Early engagement on the matching process will help to ensure that properties being delivered through this fund match the housing needs of families in bridging accommodation as much as possible.

## 12. Monitoring arrangements

**Q. What sort of monitoring information will we be asked to provide for LAHF R2, and how frequently? Does the monitoring information for LAHF R2 differ to LAHF R1?**

**A.** We ask local authorities to complete a short monitoring form every two months, with the first checkpoint for LAHF R2 in October 2023. This information is set out in the MOU between the local authority and the Department, and includes:

- The number of properties where contracts are exchanged, including bedroom size, whether the property is located in another local authority area, who will own the dwellings, and how the property was obtained.
- The number of properties occupied/ready to let, including bedroom size.
- The number of pending resettlement scheme properties pre-matched to current/former bridging hotel households.
- Total expenditure, including grant and other funding.
- Total committed spend, including grant and other funding.
- Total government grant used.
- Overall assessment (RAG rated) of whether delivery is on track, as determined by the responsible local authority officer.

We have based the monitoring information for LAHF R2 on the information required for LAHF R1 (with the addition of information on those resettled from bridging hotels), for consistency and to make the process as simple as possible for local authorities.

We have also aligned LAHF R2 monitoring touchpoint dates with the remaining monitoring touchpoint dates for LAHF R1 – see below

### **LAHF R1**

<b>Monitoring touchpoint</b>	<b>Microsoft Form to be submitted by 5pm on the following dates</b>	<b>S151 Officer Statement of Grant Usage required?</b>
Touchpoint 2	8 June 2023	Yes, by 29 June 2023, if LA wishes to enable Year 2 payment in July 2023
Touchpoint 3	8 August 2023	N/A
Touchpoint 4	9 October 2023	N/A
Touchpoint 5*	24 November 2023	N/A
Evaluation	December 2023 onwards	

\*Note, LAHF R1 touchpoint 5 has been brought forward slightly earlier than the 2-month mark to align with LAHF R2 touchpoint 2

### **LAHF R2**

<b>Monitoring touchpoint</b>	<b>Microsoft Form to be submitted by 5pm on the following dates</b>	<b>Section 151 Officer Statement of Grant Usage required?</b>
Touchpoint 1	9 October 2023	Yes, if LA wishes to enable Tranche 2 payment in October 2023
Touchpoint 2**	24 November 2023	Yes, if LA wishes to enable Tranche 2 payment in December 2023
Touchpoint 3	8 February 2023	N/A
Touchpoint 4	8 April 2023	N/A
Evaluation	April 2024 onwards	N/A

\*\*Note, LAHF R2 Touchpoint 2 has been brought forward slightly earlier than the 2-month mark to account for the holiday period in December

*Note also that the deadline for LAHF R2 initial allocations validations returns, LAHF R2 EOI returns and LAHF R1 London borough reallocations EOI returns all have the same closing date of 5 July 2023, to expedite confirmation of allocations to LAs, and assist LA preparations.*

**Q. How should we record any 'backfilling arrangements in monitoring returns (i.e., where local authorities make allocations for the LAHF target cohorts into existing stock, and "backfill" with new stock (to speed up delivery)?**

**A.** Where a local authority does proceed with a backfilling arrangement, DLUHC requests that in monitoring information submissions, any responses relating to the property sizes and delivery route questions should be based on the properties acquired whereas property occupancy information should relate to properties used by client group.

### **13. Miscellaneous**

**Q. Households placed in these properties may need resettlement support. Are other additional sources of support funding available and will this funding follow the household?**

**A.** This programme provides funding for acquiring properties only and does not impact the existing arrangements for support funding. Local authorities resettling households on Afghan resettlement schemes (including in properties acquired using LAHF R1 and LAHF R2) can benefit from the Afghan resettlement tariff support of £20,520 per person over 3 years to aid the wider resettlement and integration needs of the households in their area. See [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1159355/Afghan\\_Relocation\\_and\\_Assistance\\_Policy.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1159355/Afghan_Relocation_and_Assistance_Policy.pdf)

For those in the UK on the Homes for Ukraine programme, Homes for Ukraine tariff funding for local authorities is paid to the local authority in which guests were sponsored.

**Q. Households placed in TA may need additional support. Are other additional sources of support funding available and will this funding follow the household?**

A. This programme provides funding for acquiring properties only and does not impact the existing arrangements for support funding. LAs supporting homeless households can benefit from the Homelessness Prevention Grant to support this.

**Q. Will households arriving on various resettlement schemes be eligible to purchase these homes through Right to Buy after the eligible period?**

A. This programme does not include any changes to the existing rules around Right to Buy. Whether a tenant has a right to buy will depend on how the property is held (who owns the property) and the tenancy, i.e., whether the tenant is a secure council tenant. For further guidance on who can participate in Right to Buy, see <https://www.gov.uk/right-to-buy-buying-your-council-home>.

**Q. Is this programme similar to another model of funding local authorities to invest in properties?**

A. The most similar programme is the Rough Sleeping Accommodation Programme (RSAP), also managed by the Department.

**Q. Are we expected to fully furnish the properties?**

A. This is for the local authority to determine. We anticipate that most households accessing this housing will need support to furnish the property. The additional £20K per property (within the grant allocation) may be used for furnishings. As part of receiving the Afghan 3-year tariff funding, local authorities are expected to ensure that the accommodation is furnished appropriately (more detail is set out at the link below):

<https://www.gov.uk/government/publications/afghan-relocation-and-assistance-funding-instruction/funding-instruction-for-local-authorities-in-the-support-of-the-afghan-citizens-resettlement-scheme-and-afghan-relocation-and-assistance-policy-finan#schedule-1-post-arrival-resettlement-support>

Charity partners may also be able to assist with furnishing properties.

**Q. Can we claim SDLT relief on this grant?**

A. Yes, as part of the Spring Budget 2023, the Chancellor announced a change to the Stamp Duty Land Tax (SDLT) rules to ensure that purchases made by registered providers of social housing using the Local Authority Housing Fund (LAHF) qualify for the exemption from SDLT.

Section 71 of Finance Act 2003 (certain acquisitions by registered social landlords) is amended to ensure that purchases of social housing (as defined by Part 2 of the Housing and Regeneration Act 2008) made with the assistance of a grant given under section 31 of



the Local Government Act 2003) qualify for the SDLT exemption. This change has effect for transactions which complete, or which substantially perform, on or after 15 March 2023.

The purchaser should keep and maintain records to show that a grant or other financial assistance has been used for a particular transaction where the exemption is said to apply.

A purchaser will also need to maintain an audit trail of how any grant or other financial assistance is eventually allocated to a particular transaction or transactions.

Further guidance can be found at SDLT guidance at [SDLTM27500](#) and [SDLTM27510](#).

## **14. LAHF R1 reallocations to London boroughs**

**On 8 June 2023 London borough were invited to apply for direct reallocations of LAHF R1 underspends via an EOI process (further to the reallocation provisions set out in the LAHF R1 prospectus.) The details of the EOI process and relevant terms were set out in the EOI invitation. These questions will be relevant to London boroughs considering submitting EOIs in this process.**

**Q Are LAHF R1 reallocations to London boroughs separate from the LAHF R2 funding round?**

A Yes, LAHF R1 reallocations to London boroughs relate to underspending which has become available from the LAHF R1 funding pot of £500m. Any reallocations via this process must be used to meet the objectives set out in the LAHF R1 funding prospectus <https://www.gov.uk/government/publications/local-authority-housing-fund>

The LAHF R2 funding round is a separate to LAHF R1 with differing objectives but LAHF R1 London reallocations and LAHF R2 initial allocations and validation have a concurrent timetable.

However, both the LAHF R1 London borough reallocations EOI process returns and the LAHF R2 initial allocations validations and EOI returns have the same closing date of 5 July 2023.

LAHF R1 London borough reallocations and LAHF R2 also have the same delivery target of 29 March 2024.

**Q Can London LAs bid for LAHF R1 underspend funding if they have already submitted a bid to the GLA for funding under the Mayor's Refugee Housing Programme?**

A Yes, however, to avoid the risk of duplication and ensure successful delivery of the funding being administered via the GLA, DHLUC will not consider any EOI submission for a scheme or unit that has been submitted to the GLA for approval and which is still under review.

Local authorities may however submit a proposal which is *additional* to what they have submitted to the GLA, or which the GLA is not funding.

**Q Who will decide if our LAHF R1 EOI underspend funding will be approved?**

A As the EOI is for funding which is being administered by DLUHC, funding allocations will be decided by the department.

**Q How will EOIs be assessed?**

A The Department will use the London Borough rankings from the LAHF1 funding formula (adhering to the original to needs assessments) to determine awards.

We will allocate the bids in ranking order until the underspend pot is exhausted

**Q Can London LAs combine the LAHF R1 funding elements to optimise delivery?**

A Yes, to optimise the funding available and maximise the number of homes provided the LAHF R1 London reallocations funding elements are fungible local authorities may combine both LAHF R1 funding elements and utilise the overall grant to best deliver their proposals.

In adopting this flexible approach, the *headline cost* for their proposals must stay within the overall borough specific grant limits notified to each borough (i.e. the number of main and bridging homes must be commensurate with the total grant sought).

**Q Will London LAs need to sign a new Memorandum of Understanding?**

A Yes as this funding awarded directly through DLUHC local authorities will have to enter into a specific MOU with the department for this LAHF R1 delivery.