

Officer Non Key Executive Decision

Relevant Chief Officer (Decision Maker):	Director of Strategy
Relevant Cabinet Member (for consultation purposes):	Councillor Neal Brookes, Cabinet Member for Housing and Welfare Reform
Report Author (Officer name and title):	Andy Foot, Head of Housing
Implementation Date of Decision:	12 July 2019

PURCHASE OF PROPERTY IN HIGHFIELD FROM GREAT PLACES HOUSING ASSOCIATION

1.0 Purpose of the report:

- 1.1 To seek approval for the purchase a property in Highfield from Great Places Housing Association by the Council's Housing Revenue Account (HRA), which will be leased to Jobs Friends and Houses (JFH).

Jobs, Friends and Houses is owned on a 50/50 basis between the Council and Lancashire Constabulary. Jobs, Friends and Houses has following a period of review established a sustainable business plan based on a small expansion of supported accommodation leased from the Council. This report seeks approval to purchase a property for this purpose, which is already in use by Jobs, Friends and Houses through a tenancy from the existing private owner

2.0 Recommendation(s):

- 2.1 That the property be purchased by the Council through its Housing Revenue Account (HRA) at market valuation and that refurbishment is carried out at an estimated cost of £30,000.
- 2.2 That the terms of occupation by Jobs, Friends and Houses are agreed at market value, with the Council providing a full maintenance service through Blackpool Coastal Housing (BCH).

3.0 Reasons for recommendation(s):

- 3.1 To enable Jobs, Friends and Houses to continue to provide essential services from a stable property base, while continuing to maintain the sustainability of the business plan for Council housing.

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No
- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes
- 3.3 Other alternative options to be considered:
- Jobs, Friends and Houses could seek to source property from the private rented sector as is the case with one existing property. This route provides less security of tenure. Rental costs would also be subject to regular rent reviews creating a less stable financial framework for Jobs, Friends and Houses.
 - Jobs, Friends and Houses could seek market finance to acquire the properties themselves but this finance would be more expensive, with lenders looking for Jobs, Friends and Houses to take on both operational risk and fund repayment plus a return for the investor currently in the order of 5%.
 - The Council could offer the use of its existing housing stock to Jobs, Friends and Houses, but this would reduce the amount of large family sized stock available to let to families on the waiting list and there are currently no properties available that would meet Jobs, Friends and Houses requirements.

4.0 Council Priority:

- 4.1 The relevant Council Priority is both:
- "The economy: Maximising growth and opportunity across Blackpool"
 - "Communities: Creating stronger communities and increasing resilience"

5.0 Background Information

- 5.1 The Housing Revenue Account is the business plan for Council housing and funds the management, maintenance and development of Council homes. People housed within the Council housing stock often have a range of vulnerabilities and needs and some housing is provided with support, such as sheltered housing.
- 5.2 Jobs, Friends and Houses provides housing with support within a group home setting to individuals who have in the past misused substances or alcohol but are now in recovery. Everyone housed with Jobs, Friends and Houses is abstinent and this is very

tightly managed. Jobs, Friends and Houses has an independent board, but financial, human resource, IT and management support is currently provided by Blackpool Coastal Housing on a pro bono basis. This support has helped Jobs, Friends and Houses to reach a position of financial stability while still delivering services as part of the wider recovery pathway in Blackpool that assists people to sustain a life beyond their previous problems and develop their full potential.

- 5.3 A new board is in place at Jobs, Friends and Houses and it has developed a new business plan that envisages operating up to five small scale recovery houses. This would make the organisation sustainable without recourse to temporary grant aid. Jobs, Friends and Houses currently operates two properties as recovery housing, one of which is leased from the Housing Revenue Account, and this is highly successful and with no wider management issues. Both properties operate at 100% occupancy levels with requests received from individuals and other agencies for more places to be accessed, demonstrating the need for more of this type of accommodation. The property is already in use by Jobs, Friends and Houses, so the service is established and the purchase of this property from the private landlord secures its use. Demand will again be reviewed before any further properties are acquired. Jobs, Friends and Houses will only house people with a local connection to Blackpool.
- 5.4 The Council has determined that the most effective way of increasing the number of homes provided by Jobs, Friends and Houses is for the Council to purchase the properties through the Housing Revenue Account and lease them to Jobs, Friends and Houses. This approach allows the Council to retain control of the asset while supporting Jobs, Friends and Houses to operate from a stable financial platform. The scope for the Council to invest in this sort of property has increased as a result of the Government removing the previous debt cap on the Housing Revenue Account.
- 5.5 Jobs, Friends and Houses will occupy the property through an agreement with the Council. Jobs, Friends and Houses will grant licences to residents within the property. Should Jobs, Friends and Houses not require the property at some point in the future then the asset sits within the Council's Housing Revenue Account and the property could either be disposed of with proceeds being returned to the Housing Revenue Account or an alternative supported living provision could be considered through Blackpool Coastal Housing.
- 5.6 The property is proposed to be purchased at the market rate and leased to Jobs, Friends and House at the market rent. Those details are included in Appendix A which is exempt from publication.
- 5.7 Does the information submitted include any exempt information? No

5.8 List of Appendices:

Appendix A: Market valuation and proposed rent (exempt)

6.0 Legal considerations:

6.1 Completion of the purchase and the agreement of the leases to JFH will be undertaken through the Council's Legal Services.

6.2 The existing planning use is as a residential care home. This may be compatible with use for recovery housing, but further consultation will be undertaken with Planning to ensure that the required Planning status is in place.

7.0 Human Resources considerations:

7.1 None.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 The proposed purchase is to be funded from Housing Revenue Account borrowing and is supported by an appraisal that demonstrates purchase and asset maintenance costs can be met by the charges to JFH with a payback period of 30 years.

10.0 Risk management considerations:

- 10.1
- Default by JFH – purchase by the HRA and use of a lease retains ownership with the Council while also providing JFH with long term security allowing them to grow and develop the business model. Should the model fail the HRA would still have control of an asset alongside an enduring demand for supported housing. There would also be an option to dispose of the asset to recoup capital should that be deemed the most cost effective option.
 - Reputational risk – JFH has moved to a stable position with a new board and is also receiving support and oversight from BCH so represents a minimal risk in this regard.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 None.

13.0 Decision of Chief Officer

13.1 That the property be purchased by the Council through its Housing Revenue Account (HRA) at market valuation and that refurbishment is carried out at an estimated cost of £30,000.

13.2 That the terms of occupation by Jobs, Friends and Houses are agreed at market value, with the Council providing a full maintenance service through Blackpool Coastal Housing (BCH).

14.0 Reasons for the Decision of the Chief Officer

14.1 To enable Jobs, Friends and Houses to continue to provide essential services from a stable property base, while continuing to maintain the sustainability of the business plan for Council housing.