

Decision maker:	Director - Adults and Communities
Decision date:	Wednesday 31 October 2018
Title of report:	Property purchase and repair
Report by:	Housing development officer

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

To seek approval to agree a property purchase and repair package with grant funding totalling up to £495,000 with Connexus Housing Group.

This will enable Connexus to purchase a maximum of four properties from the open market to accommodate households from specific client groups whose housing needs could not otherwise be met by social housing available within Herefordshire Council's allocation policy. The affordable housing stock that is currently available in the county is either too small and/or does not meet wheelchair accessible standards. Affordable larger family and wheelchair accessible accommodation is being provided by way of negotiation with private developers through the planning system or by partnership working with housing providers.

Recommendation(s)

That:

- (a) a grant of £495k be made to Connexus Housing Group to support the purchase and repair of four properties to meet the needs of specific households at risk of homelessness; and**
- (b) the council enters into a grant and nominations agreement to secure rights to allocate tenants to the properties and the director will agree a minimum term.**

Alternative options

1. To try to negotiate through the planning system purpose built properties. However, this is not recommended because it would lead to significant delays and there would be no guarantee that a developer will agree to provide the units required. In addition to this if this option was to be utilised it would have an impact on the rest of the affordable housing delivery on site. The developer would expect an overall reduction in affordable housing which would have an impact on strategic priorities.

Key considerations

2. The council frequently identifies households whose needs are particular or complex in ways which are unlikely to be met by the county's housing stock available through the allocations system. These include households with disabled people with specific access needs, very large families or people presenting with particular behaviour needs or offending histories. The council aims to find bespoke housing solutions for people in these cases, through a range of arrangements including;
 - New build accommodation as part of the affordable element of new housing schemes under s106 of the Town and Country Planning Act 1990.
 - Grant aid to social housing providers to purchase and/or improve accommodation for a particular household or cohort.
 - Special arrangements with registered or private landlords to make use of unusual or hard to let housing stock.
3. Currently, a number of cases have been identified where the council has a duty and the households will be difficult to accommodate. These include a very large homeless family who are currently in temporary accommodation and overcrowded and several households with disabled people whose current accommodation is not fit for purpose because it is not wheelchair accessible and cannot be adapted. There is an urgent need to re-house the very large family in the North West of the county in suitable conditions that meet their needs and in accordance with the council's duties.
4. There are two households identified where, due to a physical disability a member of the family is unable to access the upstairs in their current accommodation and are having to live in the ground floor rooms only. If these households are not accommodated promptly they should be placed into temporary accommodation under the council's duty to relieve homelessness; however no suitably accessible temporary accommodation is available.
5. Any significant delay in re-housing the disabled families is likely to lead to escalating social care and health needs and associated increased costs in services, this could include being placed in residential care, as well as increasing costs of temporary accommodation.
6. In addition the proposal will provide a three bedroom house in Hereford for use by the council in accommodating care leavers or looked after children (LAC). This will create much needed additional capacity in meeting the needs of the young people that the council stands as corporate parent to, complemented by commissioning of the appropriate support. There is a particular need currently for safe and appropriate supported accommodation for a cohort of care leavers with needs arising from chaotic behaviour, to enable them to transition to more independent living.

7. Connexus Housing Group has identified three properties for sale on the open market to purchase to meet the needs of the three households and a three bedroom property from its existing stock for LAC and care leavers. It will fund the purchase of these properties through a combination of mortgages raised via the rent charged, the proposed capital grant and grants from other external sources.
8. Once Connexus has purchased the properties they will undertake works to ensure that they are brought up to required standard. These works are likely to be minor and will be generate no further costs to the council, these being met in full by Connexus.
9. The opportunity to purchase and provide these housing units with capital grant from the council was available to all registered social housing providers operating in Herefordshire. The capital grant scheme for purchase and repair has been available to providers for many years and providers were also contacted about the provision of accommodation for these particular households. Connexus was the only provider to identify solutions for the disabled households and very large family. Capital grants for housing development are utilised by the council to provide bespoke housing for people with complex accommodation needs and to bring properties into use as social housing. Grants support improvement works or purchase or both.

Community impact

10. Herefordshire Council holds an accessible homes register and currently has 38 households on that register who are in need of wheelchair accessible dwellings. Priority 1 of Herefordshire Council's interim housing strategy is to ensure that the council improves housing supply and access to housing. These additional dwellings would meet this priority and would remain in perpetuity.
11. The proposed decision will have a direct constructive benefit for LAC or care leavers and therefore will advance the council's role as corporate parent. Safe and appropriate accommodation with support to promote independence is a key priority within the council's corporate parenting strategy. The capital grant spending will enable a three bedroom house in Hereford to be provided for care leavers or LAC. This will increase the availability of accommodation for these user groups overall and enable the council to support care leavers with chaotic lifestyles to become more independent.

Equality duty

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. Approving this decision will provide particular benefit for disabled people, care leavers and LAC who belong to groups who share protected characteristics.

14. The accommodation will add to the county's housing stock and will be affordable in perpetuity allowing future households who share protected characteristics to have access to appropriate accommodation. This demonstrates the council's commitment to equality and that we are being pro-active in our approach to ensuring that the right properties are available.

Resource implications

15. The capital cost to the council is to be met in full from the capital allocation for affordable housing development which is £2,400,000.00 and covers the financial period April 2017 until March 2020. Currently there is a commitment of £1,050,505.00. The priorities approved for this allocation include accessible housing for disabled people and LAC or care leavers. The financial savings with regards to the accessible homes register over a three year period is approximately £24,256. This is based on grant being provided for accommodation against residential care costs per person per year. These costs are in relation to capital spend only. There would be no revenue costs arising from this proposal.
16. Providing shared accommodation for LAC will enable cost avoidance in relation to the provision of bed and breakfast accommodation. The costs avoided in providing such accommodation for up to three years are estimated at £155,811.
17. The financial saving with regard to temporary housing is in the region of £6,750.per month. Housing benefit would cover the rent on the property and a package of enhanced housing management is likely to be required to support the very large family, subject to this being funded through enhanced housing benefit.
18. If the council were to bear the full cost of purchasing these properties from the open market the expenditure would be in the region of £1,000,000.00, excluding any improvement work, legal fees and housing management fees.

Legal implications

19. The council's legal duties to prevent homelessness give rise to the proposals set out in this report.

Making a substantial grant available to a housing association potentially raises State Aid implications, because public funds are being used to support a specific housing association within the overall market of social housing providers. However, provided that certain conditions are followed, the grant arrangement will be compatible with State Aid rules. This is because the grant is intended to support an organisation which is helping the council provide public service functions (in this case, social housing) or what is termed in EU law, "Services of General Economic Interest" (SGEIs).

Following the ECJ decision in Altmark (2003) and an EC Decision on SGEIs in 2011, it has been established that it is not necessary for the council to have undertaken a competitive process to select a particular housing association provider to work with, but it is necessary for the grant to be used to fund the cost of public service functions and to be transparently accounted for.

Therefore a robust grant agreement will be put in place giving the council nomination rights over the properties for a substantial period (up to 25 years is proposed) and putting the provider under an obligation to repay the funds should there be any attempt to dispose of the properties or otherwise make them unavailable for social housing, during the grant period.

Further, the council will seek evidence from the provider that the costs against which the grant is claimed, have been properly incurred on the acquisition of and works to the properties.

Risk management

20. Possible fall through of sale or tenancy support. However, Connexus is an experienced housing association with a proven history in delivering enhanced housing support to families.
21. Should the recommendations in the report not be adopted, the risks from not housing these households with an outcome of permanent accommodation could be as follows:
 - a. Judicial review around the issue of whether the council has fulfilled its homelessness duty, with associated financial, legal and reputational risks.
 - b. Increased risk of having to find temporary accommodation at a substantial cost to the council in housing physical disabled households
 - c. Herefordshire Council wishes to be fair and equitable to all. It could damage the trust with the local community and residents of Herefordshire and have a detrimental effect on the council's reputation.

Consultees

None

Appendices

None

Background papers

None Identified