

Subject:	Home Purchase Policy Opportunity – Appropriation of 84 Coombe Road, Brighton		
Date of Meeting:	Housing & New Homes Committee 16 January 2019 Policy, Resources & Growth Committee 24 January 2019		
Report of:	Housing & New Homes Committee - Executive Director Neighbourhoods, Communities & Housing Policy Resources & Growth Committee - Executive Director Neighbourhoods, Communities & Housing, Executive Director Economy, Environment & Culture		
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Ward(s) affected:	Moulsecoomb & Bevendean		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report seeks approval for the appropriation of 84 Coombe Road (see appendices 1 and 2 for plan and photograph), a three bedroom residential property currently owned by the General Fund to Part II of Housing Act 1985, financed through the Home Purchase Policy. The property is a vacant school caretaker's house that has been declared surplus to requirement and is managed centrally by Property & Design.
- 1.2 The Home Purchase Policy has successfully increased the number of affordable homes in the city since it was agreed in autumn 2017. This has allowed the council to buy back properties which will now be used for general needs or temporary accommodation. So far eight properties are back in council ownership with offers accepted on three further properties and a fourth offer being considered. Housing & New Homes Committee agreed to the expansion of the scheme in September 2018 allowing the council the option to look at purchasing affordable housing units supplied as part of new housing developments in the city (typically known as S106 sites), and utilising other options to increase affordable homes under the 'Other Opportunities' section of the policy.
- 1.3 The report also seeks Policy, Resources & Growth Committee approval for the retention of the net capital receipt generated by the proposed appropriation, to be

used for reinvestment by Families Children and Learning, to support the integration of disability services by co-locating the three teams currently based in Montague House, Bartholomew House and Seaside View together in Wellington House. Please see Appendix 3 for rationale and detail.

- 1.4 The colocation of these teams will enable £200,000 in revenue savings, identified as part of the directorate's ISFP: *"Reduction in management capacity across the Children's Disability Service and the Adults Learning Disability Service following re-structure to provide one integrated service from one location. Bringing together adult and children's services provides an opportunity to rationalise management across both services and to streamline provision."*

2. RECOMMENDATIONS:

- 2.1 That the Housing & New Homes Committee recommends to Policy, Resources and Growth Committee that it:-
 - 2.1.1 appropriates 84 Coombe Road, Brighton from existing purposes to Housing Act purposes;
 - 2.1.2 agrees that the General Fund should receive the value of £290,000 in consideration for the appropriation at recommendation 2.1.1;
 - 2.1.3 authorises the retention of the net capital receipt to be used for reinvestment by Families Children and Learning to support the integration of disability services by co-locating the teams in Wellington House; and
 - 2.1.4 notes that the appropriation referred to at 2.1.1 above will take place when the Policy, Resources & Growth Committee makes the decision to appropriate (assuming that the Committee approves the recommendation) and that the funds referred to at 2.1.2 will be transferred following that decision.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Brighton & Hove City Council (General Fund) owns a three bedroom house at 84 Coombe Road, Brighton. Previously it housed a school caretaker under a service tenancy but the property is now vacant and surplus to operational requirements. Options for its future use are being considered.
- 3.2 Due to the pressing need for affordable housing in the city, the Property and Design Estates team have engaged with Housing colleagues to see whether this can meet a housing need in the first instance. Alternative options have also been considered including disposal of the property on the open market or entering a lease arrangement with a Registered Housing Association.
- 3.3 The property is a three bedroom house and has been valued at £290,000. Research has been undertaken via the Land Registry to compare this purchase price against recent sales in the vicinity to Coombe Road. Findings from this research confirm that this purchase price will offer the HRA value for money. Works are required to bring the property up to a lettable standard. A survey was carried out by the Housing Asset Team and it is anticipated that these works will cost up to £35,000.

- 3.4 A viability assessment has been completed on the property, which has found that a purchase is viable at Local Housing Allowance rent levels. It is recommended that should the purchase go ahead it be used as council owned temporary accommodation. Funds are still available in the HRA Home Purchase Policy budget for 2018/19 to make this purchase. This budget is funded by Right to Buy Receipts and HRA borrowing.

Rent Level	Weekly Rent	Subsidy / (Surplus)
Local Housing Allowance	£230.28	(£0.047m)
Local Housing Allowance TA Rates	£228.47	(£0.045m)
Living Wage 37.5%	£179.85	£0.024m
Living Wage 27.5%	£131.89	£0.092m
Social	£97.37	£0.141m

As the valuation is over £250,000 we cannot consider this under the usual buy back scheme. However, it could be considered under the 'Other Opportunities' section of the council's Home Purchase Policy, which requires a report to Housing & New Homes Committee for authorisation to proceed.

4. ANALYSIS & CONSIDERATION OF OPTIONS

Option	Benefits	Risks
Option 1 – Appropriation to HRA (preferred option)	<p>Increased supply of affordable housing</p> <p>Retention of a council asset</p> <p>Pressing housing needs are met</p> <p>Right to Buy (RTB) receipts are spent and therefore not returned to government and not incurring interest of 4% due to returning these receipts</p> <p>The use of Right to Buy receipts will reduce the need for HRA borrowing</p> <p>Further General Fund savings can be realised through an increase in the supply of council owned temporary accommodation</p> <p>Retention of net capital receipt for reinvestment by Families Children and Learning to support the integration of disability</p>	

	services by co-locating the teams in Wellington House.	
Option 2 – Do nothing	Budget available for the purchase of alternative properties under the Home Purchase Policy	<p>Not utilising all opportunities to spend RTB receipts</p> <p>Not meeting full potential to acquire new affordable homes in the city</p> <p>Missing out on opportunity to purchase a larger three bedroom property at a valuation which provides the HRA with value for money.</p> <p>Property surplus to existing service requirements (school caretaker accommodation)</p> <p>No capital receipt for the general fund leaving a funding gap for Families Children and Learning to support the integration of disability services by co-locating the teams in Wellington House</p>
Option 3 – Dispose of property on the open market	<p>Budget available for the purchase of alternative properties under the Home Purchase Policy</p> <p>Retention of net capital receipt for reinvestment by Families Children and Learning to support the integration of disability services by co-locating the teams in Wellington House.</p>	<p>Not utilising all opportunities to spend RTB receipts</p> <p>Not meeting full potential to acquire new affordable homes in the city</p> <p>Missing out on opportunity to purchase a larger three bedroom property at a valuation which provides the HRA with value for money.</p> <p>Time taken to complete</p> <p>Risk of failure</p>

		Cost of agents fees
Option 4 – Dispose of property on a lease to a Registered Housing Association	<p>Possible revenue stream generation.</p> <p>Retention of Council Asset</p> <p>Pressing housing needs are met</p>	<p>Missed out on opportunity to generate a capital receipt.</p> <p>Not utilising all opportunities to spend RTB receipts</p> <p>Not meeting full potential to acquire new affordable homes in the city</p> <p>Missing out on opportunity to purchase a larger three bedroom property at a valuation which provides the HRA with value for money</p> <p>Funding gap for Families Children and Learning to support the integration of disability services by co-locating the teams in Wellington House.</p> <p>The cost of works required to bring the property up to a lettable standard would come out of a rent free period.</p>

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There has not been any community engagement as the matter relates to the appropriation of a residential property. Internal consultations have been held with relevant parties.

6. CONCLUSION

- 6.1 Having considered the options above, officers recommend the transfer of the site to Housing. The proposal realises a number of benefits for the council including the provision of a much needed larger home which will be used as temporary accommodation for a family in housing need.
- 6.2 The capital receipt (£290,000) would be used to support the co-location of Learning Disabilities Services at Wellington House. A combination of borrowing against savings associated with the project and a contribution from the Asset Management Fund would supply the remaining £246,000 required.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications

- 7.1 The 2018/19 HRA capital programme includes a budget of £2.763m for the purchase of properties through the Home Purchase Policy. There is currently sufficient budget remaining for the HRA to purchase 84 Coombe Road at an estimated total cost of £0.290m as recommended in this report. This budget is funded from a combination of Right to Buy (RTB) receipts and HRA borrowing. Therefore purchasing this property will assist the HRA to use RTB receipts within the three year time period.
- 7.2 In accordance with the new rent policy, five rent levels have been modelled for this scheme. Affordable rents capped at LHA rates, LHA rent levels for Temporary Accommodation, 37.5% of Living Wage rents, 27.5% of Living Wage rents and target social rent. A summary table of the viability modelling is shown at 3.4 of the report. The modelling indicates that the purchase and refurbishment of this property is viable for the HRA at both LHA rate and the TA rate.
- 7.3 Approving the appropriation of 84 Coombe Road for use as Temporary Accommodation, will contribute positively to the net subsidy requirement to the overall home purchase programme. The estimated surplus will support other purchases that may require a small subsidy, therefore increasing the delivery of affordable housing through this policy.
- 7.4 The Home Purchase Policy allows for the Executive Director for Neighbourhoods, Communities and Housing to purchase properties up to a £0.250m limit, under delegated powers. As this property costs £0.290m, it is being referred to Housing and New Homes Committee.
- 7.5 If approved, the General Fund will receive a capital receipt of £0.290m from the HRA for the appropriation of this site. This will be ringfenced toward the capital investment associated with the co-location of Learning Disabilities Services at Wellington House. The remaining £0.197m required for the Wellington House business case will be met from a combination of borrowing against savings associated with the project and a contribution from the Asset Management Fund.
- 7.6 The approval of this appropriation will help facilitate the achievement of £0.200m in revenue savings, identified within the 2019/20 FCL ISFP: This proposal is centred around the integration of disability services by co-locating three teams at Wellington House.

*Finance Officers Consulted: Monica Brooks / Craig Garoghan / Rob Allen
Date: 02/01/2019*

Legal Implications:

- 7.7 Under section 122 of the Local Government Act 1972, a council may appropriate for any purposes for which it is authorised to acquire land by agreement, any land which belongs to the council and is no longer required for the purposes for which it was held immediately before the appropriation. The Council has powers to acquire land for housing purposes under Part II of the Housing Act 1985. As 84 Coombe Road is no longer required for a school caretaker, it can properly be

appropriated for housing purposes. Land acquired under Part II of the 1985 Act will be accounted for in the HRA.

Lawyer consulted: Liz Woodley

Date: 31.12.18

7.8 Equalities Implications:

All current housing supply programmes support the delivery of the city's Housing Strategy and an increase in housing supply will extend opportunities to accommodate households on the Housing Register who are in housing need.

7.9 Sustainability Implications:

Purchased properties are required to meet the Brighton & Hove Standard and seek to be energy efficient, minimise carbon emissions and reduce water usage.

7.10 Any other Significant Implications:

There are none

SUPPORTING DOCUMENTATION

Appendices:

1. Location Plan of 84 Coombe Road
2. Photograph of 84 Coombe Road
3. Rationale for ring-fencing capital receipt

Documents in Members' Rooms

None

Background Documents:

None

