

Appendix 2

Subject: Investment with Resonance

Date: 12 December 2022

Reference:

PURPOSE OF REPORT:

For Members to confirm the investment of £500k in Resonance (Not for Profit Organisation) in order to deliver 10 one bed properties for rents at Local Housing Allowance (LHA) rates

1. INTRODUCTION

Resonance is a not for profit organisation who seek to provide rental properties at Local Housing Allowance rates. Resonance was established in 2002 and is owned by two charitable foundations. It manages a fund portfolio of over £270m across 7 funds, the main investors in its funds are Ethical investors and pension funds. To-date it has purchased over 1,000 properties. Resonance is authorised and regulated by the Financial Services Authority.

The proposal from Resonance is to create an investment fund to provide 10 single person units of accommodation with Torridge; the projected cost being £1.5m. Funding for the scheme being from three sources:

- £500k from the Department of Levelling up – Rough Sleepers Accommodation Program (RSAP)
- £500k from Torridge Council
- £500k from socially minded investors

On-going tenancy support would be a key part of the proposal.

Leadership on the 5th April 2022 supported that officers submit an expression of interest on the basis that if successful a decision to approve the project would be required at a later stage. Subsequently Torridge's submission for funding from the Department for Levelling Up was successful.

2. REPORT

The key components of the proposal are

- In return for its investment of £500k the Council will receive a return of 3%, circa £15k per annum, additionally the Council will also receive a 3% return on the £500k investment from the Department for Levelling up, effectively giving the Council a return of 6%. This is a greater return than the Council can achieve from its treasury investments at the time of writing this report.
- Torridge's investment is committed to December 2030, i.e. it cannot request a return of its investment before that date, without the risk of incurring financial penalties.
- At the end of the initial investment Torridge can recover its £500k investment, along side any capital appreciation in the value of the underlying properties within the fund.



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- The risk to Torridge is that property prices decline during the investment period, however this risk can be mitigated by extending membership of the fund by an additional two years to iron out any dips in the property market. The fund is a national one so any local dips in the property market are absorbed by the fund.
- The Council would have nomination rights for the properties delivered.

Whilst the Department of Levelling up funding has come from the RSAP program, in the absence of rough sleepers, the Council will be able to utilise the properties to house its residents at risk of homelessness, and thus not only provide decent accommodation at LHA rates but mitigate some of the Council's temporary accommodation costs.

Going forward Resonance has indicated there may be potential to submit another bid for larger family properties. Resonance have already undertaken some soft market testing with regards to the availability of suitable properties within Torridge.

Resonance will work in conjunction with Encompass providing on-going tenancy support and also in validating potentially suitable properties (essentially utilising their local knowledge).

3. IMPLICATIONS

Legal Implications

No specific legal implications

Financial Implications

As outlined in the report

Human Resources Implications

None

Sustainability/Biodiversity Implications

None

Equality/Diversity

Not applicable

Risk Management

Not applicable

Compliance with Policies and Strategies

This report is in compliance with the Council's Constitution

Data Protection (GDPR) Implications

Not applicable

Climate Change

Not applicable

