



COUNCIL CABINET

7 December 2016

Report of the Cabinet Member for
Urban Renewal

ITEM 16

Compulsory acquisition of empty homes

SUMMARY

- 1.1 This report seeks Cabinet approval to initiate compulsory purchase proceedings in relation to 5 long-term vacant houses. The houses have stood vacant for some years and the owners have not provided sufficient assurances that the properties will be brought into beneficial occupation in the near future.
- 1.2 The aim of the Council's Empty Homes Strategy is to facilitate the renovation and re-occupation of vacant dwellings; thereby making a contribution towards meeting housing demand across the City. The actions will also help tackle the anti-social and environmental nuisance that neglected properties can present. The re-use of these homes will contribute towards the Council's New Homes Bonus income.
- 1.3 Where owners cannot be traced, or are unwilling/unable to bring the property into use, there is a compelling case in the public interest for the Council to take enforcement action to ensure that the aims of the Strategy are achieved.
- 1.4 The Council's use of compulsory purchase powers should ensure that these problematic empty homes will be returned to the useful housing stock.

RECOMMENDATION

- 2.1 That the Council makes Compulsory Purchase Orders under the Acquisition of Land Act 1981 (pursuant to the power under section 17 of the Housing Act 1985) for the acquisition of the houses, together with the associated land, as identified in Appendix 2 for the purposes of their renovation and reoccupation as housing accommodation.
- 2.2 That the Strategic Director of Communities and Place be authorised, following consultation with the Cabinet Member for Urban Renewal, the Director of Governance and the Head of Strategic Asset Management and Estates to:
 - 2.2.1 take all necessary steps to secure the making, confirmation and implementation of the Compulsory Purchase Orders;

- 2.2.2 acquire the legal interests in the properties, whether by voluntary agreement or compulsorily using statutory powers set out in the preceding paragraph;
- 2.2.3 suspend the compulsory purchase order proceedings, or withdraw an order, in relation to any particular property on being satisfied that the subject house will be satisfactorily renovated and re-occupied voluntarily;
- 2.2.4 take necessary action to deal with all matters relating to the payment of compensation and statutory interest including, where appropriate, instituting or defending related proceedings
- 2.2.5 dispose of the properties in accordance with the proposals set out in this report
- 2.2.6 take all other necessary action to give effect to these recommendations

REASON FOR RECOMMENDATION

- 3.1 The properties identified in Appendix 2 (this exempt appendix appears later in the agenda) have been vacant for a number of years and all reasonable options open to the Council to encourage the respective owners to voluntarily bring them back into use have proven unproductive.
- 3.2 Restoring the houses to the useful housing stock will contribute to meeting the increasing housing needs in Derby.
- 3.3 The risk of common problems associated with empty buildings such as trespass, vandalism, fly tipping or anti-social activities will be reduced.



Derby City Council

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Report of the Strategic Director for Communities and Place

SUPPORTING INFORMATION

- 4.1 Nationally and locally, housing need continues to increase while the number of new homes provided continues to fall behind requirements. Central government housing and welfare policies have resulted in the loss of social housing stock across the city. Removal of the spare room subsidy from affordable housing has also increased the demand for primarily smaller housing accommodation. Current demographic trends indicate that demand for housing will continue to outstrip supply.
- 4.2 The Department for Communities and Local Government encourages the use of enforcement powers to tackle empty homes. It forms part of the National Planning Policy Framework and its priority is also evidenced by the inclusion of empty properties in the New Homes Bonus scheme, which rewards Local Authorities for increasing the number of occupied houses in their area.
- 4.3 Although authorities have the discretion to charge higher levels of council tax for certain empty properties, some owners choose to pay this and not bring vacant homes into use. Compulsory purchase is therefore necessary and appropriate for some empty property cases.
- 4.4 Research published in April 2015 by Call Credit Information Group showed that 58% of the public think regeneration and the transformation of empty properties are the best way to tackle the current housing crisis. The City Council's Empty Property Strategy supports the use of compulsory purchase powers to increase housing supply.
- 4.5 There are 3270 empty homes in Derby and 1821 have been empty for six months or more. The number of empty properties has declined in recent years due to the work of the Empty Homes Team. In 2010 there were around 4500 vacant homes, of which, around 2500 were long-term empty. The number of properties empty less than six months has remained relatively constant; 1868 in 2010, 1838 in 2014 and 1821 currently.
- 4.6 Derby City Council prefers to encourage and persuade a voluntary way forward in respect of privately owned homes. However, the council has used its compulsory purchase powers where owners cannot be confirmed; where probate issues remain unresolved or where known owners refuse to make progress. This has proved popular with the general public, as housing supply has increased and anti-social issues have been addressed.

- 4.7 This report refers to longstanding vacant properties, where the encouragement of ownerstowards voluntary progress has proved unsuccessful. The dwellings will require improvement to raise them to an acceptable habitable conditionand some have been a source of local environmental blight but all have the potential for providing good family homes at reasonable expense.
- 4.8 The compulsory purchase proposals are in the public interest, as they will secure the Council's aim to increase housing supply within a reasonable timescale.
- 4.9 Persuasion towards voluntary progress will continue throughout the compulsory purchase process and this is reflected in the recommendation set out at paragraph 2.2.3.
- 4.10 The Council is willing to assist present owners to achieve market value sale if they eventually opt to dispose of their properties voluntarily. Whena property is compulsory purchased, the Council will either transfer it to council housing stock or Derby Homes Ltd. at values provided by the District Valuer, or the property will be sold on the open market; usually by public auction but other methods such as sealed bids can be considered. Acondition will be includedrequiring the accommodation be brought up to acceptable housing standards and that the home be re-occupied within twelve months of sale or transfer; or other such period considered reasonable and proportionate.
- 4.11 The market value as assessed by the District Valuer, or as realised by open marketsale, will be used as the basis for the statutory compensation of the dispossessed owners.

OTHER OPTIONS CONSIDERED

5.1 Do nothing.

This is not considered appropriate. The properties, in their present circumstances,would remain a waste of potentially good housing and become an increasingblight within their respective neighbourhoods.

5.2 Enforced sale

The Law of Property Act 1925 empowers a local authority to enforce the sale of a property where it holds a relevant legal charge against it. There are no such charges in the case of these properties.

5.3 Empty Dwelling Management Orders

The use of Empty Dwelling Management Ordersinvolves the eventual return of the management responsibilities for theproperty to its original owner. This is not considered appropriate, as the current owners havecontinually failed to

bring these empty homes into beneficial use. A change of ownership is considered to be in the public interest.

5.4 Other enforcement powers

Various legal powers are available to a Local Authority to improve the condition of a neglected building, for example, to deal with structural danger, nuisance or other environmental problems. These alone can only be viewed as piecemeal, reactive and short-term approaches, which do not provide the long-term solution presented by the report proposals.

This report has been approved by the following officers:

Legal officer	Olu Idowu
Financial officer	Bev Bull
Risk Management	
Human Resources officer	Richard Boneham
Estates/Property Officer	Liz Moore
	Jonathan Webster

Service Director(s) Other	Greg Jennings Acting Director of Regeneration, Property and Housing Ian Fullagar Head of Strategic Housing
For more information contact: Background papers: List of appendices:	Name: Sue Li Tel: 01332 640323 email: sue.li@derby.gov.uk None Appendix 1 – Implications Appendix 2 - Property Details, Plans and Histories - CONFIDENTIAL

Appendix

1

IMPLICATIONS

1. Financial and Value for Money

1.1 The total valuation of the subject properties is approximately £557,500. Where a compulsory purchase order is pursued to its conclusion, the council will vest the property into its possession and then either:

- offer the property for open market sale, usually by public auction or other suitable appropriate alternative, with a condition attached that the property be renovated and occupied within 12 months; or other such period considered reasonable and proportionate
- offer the property for acquisition as council housing stock via the Housing Revenue Account or to Derby Homes Ltd at a value assessed by the District Valuer.

The sale price will then be used as the basis for determining the dispossessed owners' statutory compensation and any capital receipt from the transfer/sale of the properties will need to be ring-fenced for the discharge of the council's compensation obligations.

1.2 The value can be challenged by a claimant's appeal to the Upper Tribunal (Lands Chamber) and although unlikely and rare, could result in the determination of a higher figure. The risk is mitigated by a close and effective working relationship with the Council's Asset Management officers.

1.3 The cost of general administration, Land Registration, legal, conveyance and professional fees and basic loss payments will also need to be met. The average capital cost for each compulsory purchase resolution is less than £5000 per empty property. This is likely to further reduce due to nationally proposed changes in the way basic loss payment is calculated. New Homes Bonus received for each property occupied will also mitigate this cost. The compulsory purchase capital cost implications will be met by the Housing Capital Programme.

1.4 The average revenue cost of each compulsory purchase order is £3,000. However, where owners object to an order, necessitating a Public Inquiry then the cost will increase. It is the intention to claim the council's legal costs where the outcome results in a confirmation of the council's actions. In the event that

legal costs could not be reclaimed any such costs are capitalised and will be met by the Private Sector Housing Capital Programme.

- 1.5 Past experienceshows thatsome of the report properties will progress voluntarily on the strength of the resolution alone and formal acquisition need not be exercised in such cases.
- 1.6 The success of empty homes and compulsory purchase work makes a significant financial contribution to the Council's receipt of over £5.5m empty homes relates New Homes Bonus funding since 2011. Compulsory purchase can also facilitate the repayment of unpaid debts, such as Council Tax arrears, residential charges and work in default charges that are owed to the Council. Since 2011, the Council has recovered over £500,000 debt from empty homes owners.

2. Legal

- 2.1 Section 17 of the Housing Act 1985 empowers local housing authorities to compulsorily acquire land, houses or other properties for the provision of housing accommodation. There must be a quantitative or qualitative gain. The statutory requirement will be met by increasing the supply and condition of available housing stock
- 2.2 The council needs to consider the provisions of Article 1 of the First protocol to the European Convention on Human Rights (right to peaceful enjoyment of possession) and Article 8 of the Convention (right to respect for a private and family life, a home and correspondence). The Council will need to consider it in the public interest that compulsory purchase proceedings are initiated in respect of the report properties.
- 2.3 Individual rights of the owner are protected by the statutory objection and inquiry procedure.

3. Personnel

- 3.1 There are no specific Personnel implications arising from this proposal.

4. IT

- 4.1 There are no specific IT implications arising from this proposal.

5. Equalities Impact

- 5.1 Where possible, and in particular the bungalow, the properties will be made as accessible as possible for disabled people

6. Health and Safety

- 6.1 There are no specific implications arising from this report.

7. Environmental Sustainability

- 7.1 The proposals will remove the environmental blight empty dwellings can present to local neighbourhoods.
- 7.2 Improved insulation and energy efficiency measures can be incorporated into the renovation of empty homes.

8. Property and Asset Management

- 8.1 The proposals will restore presently wasted houses to the useful housing stock in the city.

9. Risk Management

- 9.1 The key risks are financial and legal and are covered in the sections above.

10. Corporate objectives and Priorities for Change

- 10.1 This proposal supports commitments within the Council Plan to create additional available housing and improve existing housing.