



COUNCIL CABINET
17 January 2018

Report of the Cabinet Member for Housing
and Urban Renewal

ITEM 10

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 where the owners have not sufficiently demonstrated that the properties will be brought into occupation in the near future.
- 1.2 The Council's Empty Homes Strategy aims to facilitate the renovation and re-occupation of vacant dwellings; thereby contributing towards meeting local housing demand. The actions will also help tackle any 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 achieve the aims of the strategy.
- 1.4 The Council's use of compulsory purchase powers returns problematic empty homes 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 Housing and Urban Renewal, the Director of Governance and Monitoring Officer and the Director of Finance 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 or abandon 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.

SUPPORTING INFORMATION

- 4.1 Nationally and locally, housing need continues to increase, as the number of new homes provided falls 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 increased number of occupied houses in their area.
- 4.3 The number of empty homes in Derby has declined over 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. This had reduced to

some 2,300 vacant homes and some 1511 long-term empties at the current time.

4.4 Derby City Council encourages a voluntary solution in respect of privately owned homes. However, the council uses compulsory purchase powers where owners cannot be confirmed; where probate remains unresolved or where known owners refuse to make progress. Persuasion towards voluntary progress will continue throughout the compulsory purchase process, as reflected in the recommendation at paragraph 2.2.3.

4.5 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.

4.6 When a property is compulsorily acquired, the Council will initially consider whether it is suitable to be added to the Council's housing stock and in these cases the properties will be transferred at values provided by the District Valuer. Where properties are considered unsuitable for use as council accommodation, they may be sold on the open market; usually by public auction, but other methods can be considered. In such cases, conditions will be included requiring the dwelling to be brought up to standard and re-occupied within twelve months of disposal, or other such reasonable period.

4.7 The market value as assessed by the District Valuer or as realised by open market sale will be used as the basis for the relevant statutory compensation.

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 increasingly blight their respective neighbourhoods.

5.2 Enforced sale

There are no relevant financial charges held against these properties at present.

5.3 Empty Dwelling Management Orders

These involve the eventual return of the properties to the original owner. As the current owners have 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

The local authority has powers to deal with structural danger, nuisance or other environmental problems. These alone are piecemeal and reactive in nature and do not provide a long-term strategic solution.

This report has been approved by the following officers:

Legal officer	Olu Idowu
Financial officer	Mandy Fletcher
Risk Management	Richard Boneham
Human Resources officer	Liz Moore
Estates/Property Officer	John Green
Service Director(s)	Greg Jennings Acting Director of Regeneration, Property and Housing
Other	Ian Fullagar Head of Strategic Housing
For more information contact:	Name: Sue Li Tel: 01332 640323 email: sue.li@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 - Property Details, Plans and Histories - CONFIDENTIAL

IMPLICATIONS

1. Financial and Value for Money

- 1.1 The total valuation of the subject properties is approximately £436,000. 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 at a value assessed by the District Valuer.

The sale price is used as the basis for determining the dispossessed owners' statutory compensation and any capital receipt from the transfer/sale of the properties will be ring-fenced for this purpose.

- 1.2 The claimant can appeal to the Upper Tribunal (Lands Chamber) and although unlikely and rare, could result in the determination of a higher value. The risk is mitigated by standards employed by the Council's Asset Management officers.
- 1.3 The cost of general administration, Land Registration, legal, conveyance and professional fees and basic loss payments averages less than £5000 per property. This may reduce further due to nationally proposed changes in the way basic loss payment is calculated. New Homes Bonus received for increasing the occupied housing stock may also help 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 per property. However, where owners object to an order, necessitating a Public

Inquiry, then the cost will increase. The Council may claim legal costs where the outcome results in confirmation. Where legal costs could not be reclaimed this will be met by the Private Sector Housing Capital Programme.

- 1.5 Past experience shows that some 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 compulsory purchase programme has helped secure over £5.5m empty homes related New Homes Bonus funding since 2011. Compulsory purchase can also help recover unpaid debts, such as Council Tax arrears, residential care charges and work in default charges. Since 2011, the Council has recovered over £500,000 debt from empty homes owners.

2.0 Legal

- 2.1 Section 17 of the Housing Act 1985 empowers local housing authorities to compulsorily acquire land, houses or other properties to increase the quality or quantity of housing provision. 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). Cabinet must therefore be satisfied that the proposed compulsory purchase proceedings are in the public interest.
- 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 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 bring vacant homes into use across the city.

9. Risk Management

9.1 The key risks are financial and legal and are covered in paragraphs 1.1 - 2.3 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.