

## **Compulsory acquisition of empty homes**

### **Purpose**

- 1.1 This report seeks Cabinet approval to initiate compulsory purchase proceedings in relation to 4 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 Compulsory purchase can return problematic empty homes to useful housing stock.

### **Recommendations**

- 2.1 To resolve to make 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 Adults, Health and Housing, the Monitoring Officer and the Strategic Director of Corporate Resources to:
  - i take all necessary steps to secure the making, confirmation and implementation of the Compulsory Purchase Orders;
  - ii acquire the legal interests in the properties, whether by voluntary agreement or compulsorily using statutory powers set out in the preceding paragraph; dispose of the properties in accordance with the proposals set out in this report; apply financial procedure rules regarding acquisition and disposal of property;

- iii suspend or abandon the compulsory purchase order proceedings, or withdraw an order, in relation to any particular property on being satisfied that the subject dwelling will be satisfactorily renovated and re-occupied voluntarily;
- 2.3 take necessary action to deal with all matters relating to the payment of statutory compensation including, where required, instituting or defending related proceedings
- 2.4 take all other necessary action to give effect to these recommendations

## **Reasons**

- 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 Ministry of Housing, Communities & 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 4,500 vacant homes, of which, around 2,500 were long-term empty. This has reduced to 3,000 vacant homes with 1,473 long-term empties currently.

- 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. There is strong demand for all of the properties contained within the report to be brought into use to address housing need across the city.
- 4.5 Property 1 – renovation has been progressing slowly since 2012. A resolution is required to ensure the owner continues to complete the project and bring it into use within a reasonable time. Property 2 – the owner has failed to engage properly and the property is attracting complaints due to blighting the area. Some work is default has been carried out due to the owner's neglect. It is believed that a change in ownership will resolve the issues. Property 3 – representatives of the deceased owner have not dealt with the estate and the property is declining in condition and appearance. A notice has been served requiring the land to be tidied but has not been complied with. A change in ownership is considered in the public interest. Property 4 – the owner has failed to engage since 2012. The property is not under renovation and has attracted complaints of rubbish accumulation, which the owner has failed to address
- 4.6 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.
- 4.7 The Council will initially consider whether any compulsory acquisition is to be added to the Council's housing stock or disposed of. These properties will be transferred at values assessed by the District Valuer. Where properties are unsuitable for use as council accommodation, they will be sold on the open market; usually by public auction but other methods can be considered. 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.
- 4.8 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.

### **Public/stakeholder engagement**

- 5.1 Relevant stakeholders have been consulted during the drafting of the Empty Homes Strategy 2015-2020
- 5.2 Relevant empty property owners have been offered advice and assistance multiple times, prior to enforcement consideration and such assistance will continue to be offered.
- 5.3 Where a compulsory purchase orders are made, the relevant public notices will be published.

### **Other options**

- 6.1 Do nothing. This is not considered appropriate. The properties would remain a waste of potentially good housing and increasingly blight their respective neighbourhoods.

- 6.2 Enforced sale. There are currently no relevant financial charges that facilitate this option.
- 6.3 Empty Dwelling Management Orders. These involve the return of the properties to the original owner. As the owners have failed to bring these empty homes into beneficial use a permanent change of ownership is considered to be most in the public interest.
- 6.4 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.

## **Financial and value for money issues**

- 7.1 The total valuation of the subject properties is approximately £380,000. 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 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 dispose to Derby Homes Ltd 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.

- 7.2 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.
- 7.3 The cost of general administration, Land Registration, legal, conveyance and professional fees and basic loss payments averages less than £5000 per property. Proposed legislative changes to calculating basic loss payments may reduce this further but so far, this has not been implemented. New Homes Bonus received for increasing the occupied housing stock also mitigates this cost. Compulsory purchase capital cost implications will be met by the Housing Capital Programme.
- 7.4 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. The Council may claim legal costs where the outcome results in confirmation. Where legal costs cannot be reclaimed this will be met by the Council's Private Sector Housing Capital Programme.
- 7.5 Past experience shows that some of the report properties will progress voluntarily, due to the resolution alone and formal acquisition need not be exercised.

- 7.6 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 £550,000 debt from empty homes owners.

## **Legal implications**

- 8.1 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
- 8.2 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 also needs to consider the public sector equality duty. Cabinet must therefore be satisfied that the proposed compulsory purchase proceedings are in the public interest.
- 8.3 Individual rights of the owner are protected by the statutory objection and inquiry procedure.

## **Other significant implications**

- 9.1 The proposals will increase the quantity and quality of available housing stock and help to tackle environmental blight.
- 9.2 Where possible the properties will be made as accessible as possible for disabled people.

**This report has been approved by the following people:**

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>	Olu Idowu	22.11.18
<b>Finance</b>	Mandy Fletcher	15.11.18
<b>Service Director(s)</b>	Gregg Jennings	
<b>Report sponsor</b>	Christine Durrant	
<b>Other(s)</b>	Jayne Sowerby-Warrington	21.11.18
	Liz Moore	12.11.18
	Linda Innocent	12.11.18
	Ann Webster	7.11.18
	Heather Greenan	5.11.18

**Background papers:**

**List of appendices:** Appendix 1 – Property Details and Plans (Confidential)