



Derby City Council

COST OF LIVING O&S BOARD 12 January 2015

Report of the Strategic Director of Adults,
Health & Housing

ITEM 10

Compulsory acquisition of long term empty houses

SUMMARY

- 1.1 A report to Council Cabinet for the meeting on 18 February 2015 has been prepared by the Cabinet Member for Housing, Finance and Welfare proposing the compulsory acquisition of long term empty houses. The report to Council Cabinet can be found at Appendix 2 of this report.
- 1.2 The confidential appendix 3 of this report provides details of the specific properties subject to the recommendations.

RECOMMENDATION

- 2.1 To note the contents of the report to Council Cabinet and make any comments and appropriate recommendations in relation to the proposals.

REASONS FOR RECOMMENDATION

- 3.1 To enable the Cost of Living Board to be kept informed of proposed compulsory purchase action against the owners of long term empty properties and make any comments and recommendations on proposals to Council Cabinet.

SUPPORTING INFORMATION

- 4.1 The properties identified in Appendix 3 of this report 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.
- 4.2 Restoring the houses to the useful housing stock will contribute to meeting the increasing housing needs in Derby and contribute to New Homes Bonus income.
- 4.3 Some of the buildings have been badly neglected and present a nuisance to local residents and adjacent buildings - others have been the subject of trespass, vandalism or anti-social and criminal activities. All will likely impact negatively on their local environments while they remain vacant and the neglect continues.

- 4.4 The report recommends 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 of the report for the purposes of their renovation and reoccupation as housing accommodation.
- 4.5 This report has been provided to the Cost of Living Overview and Scrutiny Board at the request of the Board.

OTHER OPTIONS CONSIDERED

- 5.1 None.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Stephen Teasdale Toni Nash Liz Moore Steve Sprason Perveez Sadiq, Director of Integrated Commissioning Ann Webster, Equality and Diversity Lead Adrian Jeffs, Health and Safety Team Leader Andy Hills, Climate Change Manager Glyn Peach, Head of ICT Richard Boneham, Head of Governance & Assurance
For more information contact: Background papers: List of appendices:	Brian Salt 01332 640325 brian.salt@derby.gcsx.gov.uk None Appendix 1 – Implications Appendix 2 – Report to Council Cabinet on the compulsory acquisition of long term empty homes Appendix 3 - Property Details, Plans and Histories - CONFIDENTIAL

IMPLICATIONS

1. Financial and Value for Money

- 1.1 Owners are entitled to be compensated as a consequence of compulsory purchase. Whilst the market value compensation for an owner is met from the Council's initial sale of the property, there remain other cost implications – general administration costs, legal costs, Land Registration costs, and other compensation issues such as conveyance and professional costs, basic loss payments, etc.
- 1.2 The Council, as the acquiring authority, will be able to argue that the property value as assessed by the District Valuer, or as achieved at auction (or other open market) sale, if obtained close to the valuation date for the Compulsory Purchase Order, be adopted as the appropriate market value compensation level to be paid to the dispossessed owner(s). This has to be held as a reasonable base of valuation but is open to appeal to the Upper Tribunal (Lands Chamber), and although unlikely and rare, could result in the determination of a higher value. This, and the addition of surveyors' fees and legal costs, could result in the Council incurring a deficit between the property value assessed by the District Valuer or that achieved at sale, and the total outlay. The risk is mitigated by a close and effective working relationship with the Council's Asset Management officers.
- 1.3 Any capital receipt from the transfer/auction of the properties will need to be ring-fenced for the discharge of the Council's compensation obligations.
- 1.4 Total valuation of the subject properties is approximately £620k. However, this does not represent the capital cost implications for the Council of pursuing compulsory purchase here. In each case where a CPO is pursued to its conclusion, the council will Vest the property into its possession and then either:
- offer the property for sale at the next available public auction (or other appropriate open market) sale, with a condition attached that the property be renovated and returned to use within 12 months (or other suitable period) of purchase; or
 - 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.

Past experience is that we can expect that some of the report properties will progress to an eventual satisfactory voluntary conclusion before compulsory purchase has to be formally exercised.

As such the capital cost of pursuing these CPOs is negligible; the average capital cost of recent completed empty houses included in compulsory purchase resolutions is less than £5,000 per property. The eventual cost will be fully contained within the budget for the Housing Capital Programme.

- 1.5 If a continued lack of progress proves necessary to include all the order houses in compulsory purchase orders, the revenue cost of progressing the orders is likely to be in the region of £15,000; the average revenue cost of recent houses included in CPO resolutions is approximately £3,000 per property. Where owners formally object to an Order, and thereby necessitate a public inquiry, it is the intention to claim the Council's inquiry costs where the outcome of the inquiry results in a confirmation of the Council's actions. In the event that inquiry costs could not be reclaimed, any costs arising will be met from within the Private Sector Housing Capital Programme.
- 1.6 When the properties are returned to use they will contribute toward the council's New Homes Bonus return. The success of Empty Homes and compulsory purchase work continues to make a significant contribution to the £4.8m New Homes Bonus awarded to the City Council for the overall reduction in the number of empty homes in the city since the introduction of the scheme in 2011.
- 1.7 In addition, the return of the empty houses to a good use can often facilitate the repayment to various council departments of outstanding, and often longstanding, unpaid debts. These can include Council Tax arrears, charges raised by the Council for work carried out in an owner's default, unpaid residential charges for previous occupiers etc.

2. Legal

- 2.1 A compulsory purchase order should only be made where there is a compelling case in the public interest. The purposes of making a compulsory purchase order therefore sufficiently justify interfering with the human rights of those with an interest in the land affected. Regard should be had, in particular, to 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).
- 2.2 Section 17 of the Housing Act 1985 ('the 1985 Act') empowers local housing authorities to compulsorily acquire land, houses or other properties for the provision of housing accommodation. Acquisition must achieve a quantitative or qualitative housing gain (e.g. bringing empty properties into housing use).

- 2.3 Before the acquiring authority submits the CPO for confirmation, a notice must be published for two successive weeks in one or more local newspapers and must also be fixed on or near the land covered by the order.
- 2.4 If no objections are made and the Minister is satisfied that the proper procedure for serving and publishing notices has been observed, he will consider the case on its merits and may authorise the council to confirm, modify or reject the CPO, without the need for any form of hearing.
- 2.5 If any objections are raised then the Minister may order an inquiry or may deal with the matter by way of written representations. Following this, the Minister will decide to confirm, modify or reject the CPO
- 2.6 The following guidance indicates the factors to which the a Minister may have regard in deciding whether or not to confirm a CPO and which the Cabinet Member might therefore find it useful to take into account:
- a) Where the purpose is to bring empty homes back into housing use:
- How long the property has been vacant;
 - What steps have been taken to encourage the owner to bring it into acceptable use;
 - What was the outcome; and
 - What works have been carried out by the owner towards its re-use for housing purposes.
- b) Where the acquisition is proposed because the property is sub-standard:
- What are the alleged defects in the property;
 - What other measures the authority has taken to remedy matters (eg. service of a notice on the owner under section 215 of the Town and Country Planning Act 1990 requiring him or her to remedy the loss of amenity that such a property causes);
 - The outcome; and
 - The extent and nature of any works carried out by the owner to secure the improvement and repair of the property.
 - Proposals regarding any existing tenants of the property.

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 None directly arising, but the proposal does seek to increase available housing stock and tackle environmental and anti-social impacts affecting neighbours and neighbourhoods

6. Health and Safety

- 6.1 The proposals target directly the health and safety implications arising from long term empty property

7. Environmental Sustainability

- 7.1 The proposals will restore longstanding vacant and neglected houses to the useful housing stock, and will remove the environmental blight that they can present to local neighbourhoods.
- 7.2 Re-using old buildings can reduce carbon emissions in the overall construction process and the on-going heating and running of these properties can also be reduced if equipped with energy efficient appliances and high levels of insulation.

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 these are fully covered within the financial and legal implication sections.

10. Corporate objectives and Priorities for Change

- 10.1 This proposal supports the following commitments within the Council Plan:
- More private sector dwellings brought back into use or demolished
 - Reduce homelessness and increase the housing supply
 - Continue to protect residents by tackling statutory nuisance and environmental crime.

