

REPORT TO	DATE OF MEETING
CABINET	6th November 2013



SUBJECT	PORTFOLIO	AUTHOR	ITEM
30 RHODESWAY, HOGHTON, PRESTON, PR5 0JY	Strategic Planning and Housing	Jane Maguire	11

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report concerns the detrimental impact of the property 30 Rhodesway, Hoghton, Preston, PR5 0JY on the environment and amenity of the local area.

This report outlines options to deal with the property and recommends a possible way forward.

This report links in with the Council's Corporate priority of a clean, green and safe Borough: also with the priorities of strong and healthy communities, and an efficient and effective Council.

RECOMMENDATIONS

1. That the Corporate Property Officer be authorised to continue negotiations for the acquisition of the property by agreement in an attempt to avoid the need for a Compulsory Purchase Order.
2. That Cabinet approve further to the powers set out in Section 17 of the Housing Act 1985 (as amended) the making of the following compulsory purchase order for the purpose of re-sale and renovation in accordance with the Council's Empty Properties Policy 2013: namely 'The South Ribble (30 Rhodesway Hoghton) Compulsory Purchase Order 2013'
3. That the Legal Services Manager be authorised to take all necessary steps to secure the making, confirmation and implementation of the Compulsory Purchase Order, including the publication and service of all notices, and the presentation of the Council's case at any Public Inquiry. In addition, to negotiate the withdrawal of objections to the Order and take all necessary steps to acquire the property, by agreement.
4. That following the confirmation of the Compulsory Purchase Order or acquisition by agreement, that the Corporate Property Officer be authorised to enter into negotiations with a developer partner/purchaser, identified following a marketing exercise and agreed in consultation with the Cabinet Member for Strategic Planning and Housing, for the disposal and renovation of the property with minimal financial impact to the Council, to bring it back to a habitable condition for occupation.

Background

30 Rhodesway, Hoghton is a 2 bed semi- detached bungalow and has been registered empty since 1st April 2002.

The property has significant disrepair issues, is deteriorating internally and externally and is uninhabitable. The adjoining property is also being affected by the disrepair.

REASONS FOR THE RECOMMENDATION

At its meeting on the 4th September 2013 Cabinet adopted an Empty Properties Policy which set out proposals for bringing long term empty residential properties in the Borough back into use.

The policy is used to identify and tackle properties that have been vacant for a long period of time and are causing problems for neighbouring properties and local residents.

Some intervention is necessary to tackle vacant properties or they will not be brought back into use. The consequences of this are increased instances of vandalism, arson, fly tipping and anti social behaviour.

The owner of 30 Rhodesway has been contacted on numerous occasions over the last 2 years in attempts to negotiate a solution. To date, despite our best efforts the owner has not pursued any proposals and we are unable to agree a workable solution.

ACTIONS TO DATE

In accordance with policy and good practice a number of actions and alternatives have been considered and offered. These include:

- Consideration of an EDMO (Empty Dwelling Management Order). This was not pursued as the property is not habitable in its current state and any partner would need to invest in the property to bring it back into a habitable condition before letting it out under this order.
- An enforced sale was considered however as the property is not registered with the land registry this option could not be followed
- Advice and grant assistance of up to £1000.00 to help carry out the repairs including drawing up a specification, tendering and managing works on site. However this required the owner to raise the majority of the finance to complete the works and this option has not been progressed
- Grant assistance through the Empty homes project of £4300.00 per bedroom with an option to rent the property when in a habitable condition. This option offered an interest free loan of £8600.00 paid back through rental income from the property with a minimum period of renting the property for 5 years. The owner does not have the remaining funds
- Giving the owner time to carry out the repairs and sell or rent the property on the open market. He has not done this
- An offer to purchase the property in its current state inclusive of all legal costs has been proposed by the Corporate Property Officer and negotiations are still on going
- The Council purchasing the property and carrying out the works required with an option for the owner to buy back the property within 3 months of the works being completed. Negotiations are currently in progress.

As none of these have been successful there are a limited number of alternatives and options available for consideration

Option 1 - No Action

- Take no action. There are obvious problems and issues with this position and the property will continue to blight the neighbourhood, and continue to decline potentially resulting in vandalism and the property becoming a dangerous structure.

Options 2 - Disrepair Notice

- Serve a statutory disrepair notice, and carry out the work in default. However the council would have to fund the cost of repairs, and then place a land charge on the property. This will cost approximately £41,000. This could potentially leave the property empty as the owner has indicated that he is unlikely to return, and the financial cost is likely only to be recovered on disposal of the property.

Option 3 - Compulsory Purchase Order

- This is normally a last resort. The Council must apply to the Secretary of State for confirmation of any Order and must show that there is a proven housing need and no realistic option for achieving the housing objectives to bring the property back into use by other means. Section 17 Housing Act 1985 allows the Council to acquire a house compulsorily and dispose of it to a person who intends to provide housing accommodation.
- This route can be lengthy (possibly up to 18 months) especially if objections are received and we have to demonstrate that attempts were made to work with the owner on a voluntary basis and that the human rights of the owner are not being contravened.
- Before applying to the Secretary of State for confirmation of an order the Corporate Property Officer will continue to try to engage with the owner. The Council, following a marketing exercise, will identify a developer partner to facilitate a back to back offer to minimise any financial risk to the council.
- Should this not proceed an application to the Secretary of state will be made for confirmation of a Compulsory Purchase Order Once this is confirmed the Corporate Property Officer will finalise arrangements for the sale on of the property to a developer partner /purchaser committed to its renovation and reoccupation, ensuring that a full marketing exercise is carried out and that the developer/partner provides value for money. At this stage the Legal Services Manager will give Notice to all parties of an intention to make a General Vesting Declaration (GVD) which transfers legal ownership to the Council. 28 days after making the GVD the Council will be in a position to transfer the property to a purchaser subject to a conditional contract which requires a schedule of works to be carried out.

Financial Implications

It is estimated that the net cost to the Council arising from acquisition, and resale of the property above will be in the region of £11,350. This will reflect all compensation due to the owner under the Compulsory Purchase Order procedure and the receipts realised on sale which in turn depend on the costs of renovation.

If negotiations to purchase by agreement are successful this net cost will fall to approximately £9,000.

If the owner does not come forward to receive their market value compensation, the General Vesting Declaration procedure will be followed and payment will be made in to court. After a period of 12 years, if the owner has not come forward to claim payment, the council can request the money back from the courts.

Conclusions

Taking the above into account, it is considered that the most effective way of dealing with the property is to make and submit a Compulsory Purchase Order to enable acquisition of the property.

On confirmation of the Compulsory Purchase Order the Corporate Property Officer will finalise arrangements for the sale on of the property to a purchaser committed to its renovation and re - occupation following the Compulsory Purchase Order procedures for long term empty properties

FINANCIAL	<p>The estimated net capital cost to the Council arising from acquisition, and resale of the property will be in the region of £11,350, including all compensation due to the owner under the CPO procedures and the receipts realised on sale. This can be funded from the Housing strategy capital budget. This figure will alter depending on any changes to the estimated costs of renovation.</p> <p>There are financial risks on the resale there is no identified budget provision for any shortfall over £11,350</p> <p>If negotiations to purchase by agreement are successful this net cost will fall to approximately £9,000. If the owner does not come forward to receive their market value compensation, payment will be made into court and after a period of 12 years, if the owner has not come forward to claim payment, the council can request the money back from the courts.</p> <p>Bringing the property back into use will generate additional council tax revenue.</p>
LEGAL	The statutory process outlined above will be followed once members have approved the way forward
HOUSING	This will return a long term empty home back into use and improve the surrounding areas

RISK	<p>a. Compensation awarded to the owner by the Land’s Tribunal is higher than anticipated.</p> <p>The figures assembled to date reflect all statutory payments, costs and compensation to which the owner is entitled under current legislation. The market value of the property in its current condition will be tested as part of the resultant marketing exercise to attract a bidder to purchase and renovate though there will, inevitably, be a time lag between the Council becoming liable (i.e. the valuation date) and fixing the level of value through a successful sale. Unless there are dramatic changes in legislation or market conditions in the interim the risk is considered slight.</p> <p>b. Increases in renovation costs or a weakening in the housing market reduces the receipt on sale.</p> <p>The renovation costs have been compiled through preparation of detailed schedules which have been quantified by estimates obtained with contingency sums and developer’s profit added to guard against rising or unknown costs. The risk of changes in the housing market e.g. falling values or lack of prospective purchasers, impacting upon the financial picture is minimised by keeping the time period from commitment to sale as short as possible.</p> <p>c. Purchaser does not carry out the agreed works</p> <p>The property will be sold by way of conditional contract which will ensure that the title is not transferred until work is complete. In the event of default, the Council will take back the property and re market.</p> <p>d. Objections to Compulsory Purchase Order and a public inquiry is required</p> <p>The financial implications of a public inquiry have been factored into this report but there remains a risk that the Compulsory Purchase Order will not be confirmed as a result of representations at the public inquiry or a subsequent judicial review. The strength of the Council’s case as set out above mitigates this risk.</p>
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<i>Human Rights Act 1998</i>	<p>In terms of Human Rights Act implications, Government advice is that local authorities must strike a fair balance between the demands of the community and the need to protect an individual’s fundamental rights. In considering the balance, one of the issues that a court would look for is whether compensation will be payable. The level of compensation is negotiable between the Council and the property owner’s valuer of fixed by the Lands Tribunal in the absence of agreement. In addition, individual rights are protected by the statutory objection and inquiry procedure.</p>
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Empty Homes Policy
Enforcement Policy
Register of Activities