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Agenda item:

[No.]**CABINET****On 16th June 2009**

Report Title: Approval for Compulsory Purchase Action - Empty Properties

Report of Niall Bolger, Director of Urban Environment

Signed: *NB* 31st June 2009

Contact Officer : Steve Russell, Housing Improvement Manager (Private Sector)

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Wards(s) affected: All

Report for: Key decision

1. Purpose of the report

- 1.1. To obtain authorisation to submit to the Secretary of State a request for Compulsory Purchase Orders in respect of the nine properties listed in this report following the owners' failure to repair and bring the properties back into use.

2. Introduction by Cabinet Member

- 2.1. The staff within the Council's Strategic and Community Housing Service have been very motivated and hard working in their endeavour to take action that will renovate and bring back into use eyesore properties such as these that have blighted the streets of Haringey. They are to be commended and assured that it is the Council's intention to take the actions highlighted in this report, in an increasing number of cases, as a long term policy to improve the borough's neighbourhoods.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1. There are clear links with the Housing Strategy, Homelessness Strategy, Greener Borough Strategy and Community Strategy.

4. Recommendations

- 4.1. That authority is given for submission of the properties listed in 7.10 to the Secretary of State for a confirmed Order under compulsory purchase powers.

5. Reason for recommendation(s)

- 5.1. That all other methods have failed to persuade or encourage the owners of the nine listed properties to repair and bring back in to use. These properties are considered the worst eyesore vacant properties in the borough and should not be allowed to remain empty, blight areas or cause potential nuisance, especially as there is such a very high demand for accommodation in Haringey.

6. Other options considered

- 6.1. All options have been tried and exhausted. Letters have been sent to the owners, offering advice and grant aid. Some of these properties have a debt outstanding to the Council, which is being pursued under the enforced sale process. If the owner does not pay, an enforced sale will be pursued and the property sold at auction. If they do pay but do not improve and occupy the property, the Council will proceed with compulsory purchase.

7. Summary

- 7.1 The Council has a very robust empty property process that has been developed in partnership with the North London Sub Region, a partnership of 6 local authorities that has provided advice and funding to enable Haringey to establish a working group and effective process.
- 7.2 Using the funding provided, Haringey undertook a street survey of vacant properties that identified 1450 empty homes. This survey has provided the information that is being used as a basis for future activity in respect of vacant properties. The addition of a 'vacant property' module on the Private Sector Housing Improvement Team's computer system will make it easier to load and update property details on a central system, helping to provide a complete picture and track the properties over time.

- 7.3 The street survey has helped the Council to identify the worst eyesore properties. All of these have been visited, photographed and 'pointed' using a guide (attached to this report in Appendix 1) that helps officers to place properties in priority order by taking into account the condition of the property, the length of time it has been empty, any illegal activities or nuisance to neighbours, any potential danger and the number of complaints received in respect of issues or activities.
- 7.4 All properties have been inspected and notices served. This is to prevent the need to pay Basic Loss Payments (equivalent to 7% of the market value) on top of the market value that will need to be paid if possession is gained through CPO action.
- 7.5 All owners have received a number of letters explaining what needs to be done and what is on offer, together with details of the CPO and/or enforced sale action that will be taken if the owners do not take the appropriate action to restore the property to good repair and occupation.
- 7.6 A working group of all officers associated with vacant property enforcement, chaired by the Housing Improvement Manager (Private Sector), meets every 6 weeks to review progress of all cases and to agree on the next steps. Instructions are given to all relevant services to progress all cases to the agreed stages.
- 7.7 At present, funding is not an issue for enforced sales because they are cost neutral, with all costs being recovered from the sale proceeds. The North London Sub Region also contributes £3,000 to the work involved in bringing each property back into use through an enforced sale. Often, a Council Tax debt is also recovered.
- 7.8 CPO action may not be cost neutral as there may be a difference between the purchase price and sale price and, although every effort is made to avoid it, there may be occasions when compensation needs to be paid. This cost will be offset, however, by the £20,000 that the North London Sub Region is able to pay Councils for each property approved by Cabinet via the Forward Plan.
- 7.9 If Cabinet approval is obtained, the properties will not be sent immediately to the Secretary of State. Instead, officers will first notify the owners of the Cabinet's decision, as this often helps to focus the owners' attention on restoring and occupying the property. Of the 7 properties that Cabinet has approved for CPO action, 2 have been referred to the Secretary of State, and 1 large site is the subject of negotiation between the owners and a registered social landlord. Building works are already underway on the other 4 sites, 3 of which are already occupied.
- 7.10 The nine vacant properties listed below have been subject to the standard letters, grant offers, inspections, service of notices and enforced sale:
- (1) Ground Floor Flat, 15 Terront Road N15
 - (2) 26 Gedeney Road N17

- (3) 39 Broad Lane N15
- (4) 160 Seaford Road N15
- (5) 95 Birkbeck Road N17
- (6) 1 Strode Road N17
- (7) 174 Sirdar Road N22
- (8) 81 Grove Park Road N15
- (9) 16 Woodside Road N22

7.11 Some of these properties have already been the subject of works in default (undertaken to deal with urgent issues) and, for others, a considerable amount of council tax is owed. A brief description of each property, together with a photograph and details of any past action, is attached in Appendix 2 of this report.

7.12 All properties that have an outstanding debt will first go through the enforced sale route, as cost neutral. Authorisation is requested for CPO action as well, should the owner pay the debt and still not restore the property to repair and use. Cases will only be submitted to the Secretary of State when all other options have been exhausted and funding is identified and available to complete the purchase and sale.

8. Chief Financial Officer Comments

8.1. This report seeks approval to submit to the Secretary of State a total of 9 properties for Compulsory Purchase Orders, following failure of the owners to repair and bring the properties back in to use.

8.2. The use of CPOs has both capital and revenue implications for the Council. A capital provision is required to acquire a property and this takes the form of a payment to the current owner based on an independent valuation of the property in its existing state. This payment is initially funded from capital receipts, to be repaid once the sale of the property is executed. Several options are available for disposal including a back to back disposal agreement with an RSL so that the capital receipt is received as soon as possible, sale to a private developer, and sale at an auction.

8.3. A separate report on the Financial Outturn 2008/09 includes a request to carry forward capital provision of £700k from 2008/09 in respect of 7 properties previously approved for CPO action. Of these, only two have been referred to the Secretary of State, but it is not known when approval will be given. When the properties are resold, the sale proceeds will be put back into corporate funds, where the agreed policy on allocation of receipts for spending is that all receipts go into a corporate pot and bids are made against this as part of the Council's capital programme process.

8.4. Currently, there is no provision within the Council's 2009/10 capital programme for the 9 properties identified in this report. However, cases will only be sent on the Secretary of State when all other routes have been exhausted and funding is identified to complete the purchase and sale process. There is a risk that the Council may not recover the acquisition costs in a stagnant property market.

8.5. The revenue costs associated with Compulsory Purchase Orders (eg legal fees, surveyor fees and stamp duty) will generally be non recoverable. These costs should be covered by a contribution from the North London Sub Region (£20,000 for every case approved by Cabinet).

9. Head of Legal Services Comments

9.1. The Head of Legal Services comments that the key purpose of the use of the available statutory powers is to bring long-term empty properties back into permanent residential use. Compulsory purchase is a means of last resort to achieve this objective.

9.2. The recommendations allow for owners to undertake themselves to carry out works by means of a legally enforceable undertaking where the timetable is reasonable.

10. Head of Procurement Comments –[Required for Procurement Committee]

N/A

11. Equalities &Community Cohesion Comments

11.1 Vacant properties have a negative effect within areas. These properties in particular are not only vacant but are in a very poor state and will cause serious issues to local neighbours. They also attract unwanted attention either through dumping of waste materials or illegal acts. They can also pose a serious threat to children who gain access and may injure themselves through a dangerous structure.

12. Consultation

12.1 The use of the compulsory purchase process as an enforcement tool was included in the Empty Property Strategy 2005-8, developed following consultation with Council officers and partners at an event in January 2005. Regular consultation has continued, since that time, with local authorities in the North London Sub Region.

13. Service Financial Comments

13.1 Although there is no specific capital provision for the acquisition of these units, the Capital Financial Regulations will allow the acquisition costs to be financed from the subsequent disposal proceeds of these units. There is a risk that disposal proceeds may fall short of the acquisition costs and provision would have to be made for this before CPO action is finalised. This risk can be mitigated by putting in place 'back to

back' sales as necessary. Revenue costs will be met by money drawn down from the North London Sub region.

14. Use of appendices /Tables and photographs

- 14.1. Appendix 1: Rating sheet.
- 14.2. Appendix 2: Property description of properties and photographs.
- 14.3. Appendix 3: Maps of Property location.

15. Local Government (Access to Information) Act 1985

- 15.1 Empty Property Strategy.
- 15.2 Detailed plans identifying all properties have been made available to scale through property services and are attached as Appendix 3 to this report.
- 15.3