



Haringey Council

Agenda item:

[No.]

Cabinet

On 22 March 2011

Report Title: **Compulsory Purchase Order – 22 Wimborne Road, N17**

Report of: **Niall Bolger, Director of Urban Environment**

Signed:

Date:

28th February 2011

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Wards(s) affected: **Bruce Grove**

Report for: **Key Decision**

1. Purpose of the report

- 1.1 The purpose of this report is to provide the Cabinet with details of an empty property in Wimborne Road that is causing a serious nuisance to the residents of neighbouring properties, and to recommend to Cabinet that the Council pursues the compulsory purchase of the property in order to bring it back into use.
- 1.2 Some of the information relating to this report relates to individuals and their financial affairs and is defined as **exempt** under Schedule 12A of the Local Government Act 1972. This information appears, separately, in Appendix A.

2. Introduction by Cabinet Member

- 2.1 Although compulsory purchase can be a long and protracted process, I welcome the innovative way in which Officers are proposing to bring this very complex matter to a conclusion. It is especially important that the occupants of the adjoining properties are kept informed of developments and that they understand, from the outset, how long it is likely to take to complete the compulsory purchase.

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.
- 3.2. There are also links with the Mayor of London's Housing Strategy and alterations to the London Plan.

4. Recommendations

It is **recommended** that Cabinet:

- (a) Notes and supports the action that Officers have already taken in an attempt to bring 22 Wimborne Road back into use.
- (b) Authorises the Head of Legal Services to take the following action in relation to 22 Wimborne Road, using the powers vested in the Council under Part 17 of the Housing Act 1985:
 - (i) Make and seal the Order for submission to the Secretary of State for Communities and Local Government for consideration and approval (including the service of any requisition notices necessary to establish interests in the property) and carry out the statutory notification required;
 - (ii) Confirm the Compulsory Purchase Order in the event of the Secretary of State returning the Order authorising the Council to do so;
 - (iii) Prepare for, and represent, the Council at any public inquiry held following the submission of the order to the Secretary of State;
 - (iv) Proceed with the acquisition of the property following receipt of confirmation of the Compulsory Purchase Order;
 - (v) Act in relation to any other procedural matters that may arise in the normal course of the Compulsory Purchase Order process.
- (c) Approves (subject to the confirmation of the Compulsory Purchase Order by the Secretary of State for Communities and Local Government or the Council) the disposal of the property to a Registered Provider, or to an individual or private developer, on terms approved by the Head of Property Services.
- (d) Authorises the financial costs of the Compulsory Purchase Order to be met from the Council's capital programme on the understanding that the net capital receipt from the disposal (following deduction of the cost of any works carried out in default) will be put back into the capital programme budget.

5. Reason for Recommendations

5.1 Exempt information.

5.2 Exempt information.

5.3 After careful consideration of all available options, and on the basis of the advice received from the Council's Solicitors, it is acknowledged that compulsory purchase is the only viable option for addressing the Council's concerns about 22 Wimborne Road and for bringing it back into use in the foreseeable future.

6. Other Options Considered

6.1 Consideration has been given to the merits of serving Notices and then resolving some of the issues by undertaking works in default. However, for the reasons explained in Paragraph 7.7, there would be significant risks involved if the Council placed a Charge on the property and then sought to enforce a sale.

6.2 Consideration has also been given to the idea of providing grant funding. However, such funding is no longer available from the Council and the external funding that is available is insufficient to address such a high level of disrepair.

6.3 Consideration has been given to the potential for raising an interest-only mortgage to fund the repairs. However, uncertainty over the title of the property and concerns about the affordability of such a loan have led Officers to conclude that this is not an option that is worth pursuing.

7. Summary

7.1 22 Wimborne Road, a 4-bedroom home, is uninhabitable due to serious disrepair and the lack of amenities. It has been empty and boarded up since September 2009 and requires substantial investment to make it habitable.

7.2 Exempt information.

7.3 Exempt information.

7.4 Exempt information,

7.5 Exempt information.

7.6 The occupants of the neighbouring properties have expressed concern about the condition of the property and the nuisance caused by cockroaches and mice.

7.7 Although the former occupants of 22 Wimborne Road would like to return, they do not have the financial means to meet the cost of the repairs and it is still unclear as to whether a third party has an interest in the title of the property.

7.8 Exempt information.

7.9 Exempt information.

7.10 Exempt information.

7.11 Without the Council's intervention, it is likely that 22 Wimborne Road will remain empty and uninhabitable for a very long time, resulting in a growing number of complaints from local residents.

7.12 There are two courses of action the Council could take to address the problem:

- Serve Notices on everyone with a potential interest in 22 Wimborne Road, requiring them to remedy the disrepair and pest control issues and then, if they fail to comply with those Notices, undertake the works in default and apply for a Charge to be placed on the property with a view to the cost of the works being recovered from an enforced sale.
- Pursue the compulsory purchase of 22 Wimborne Road with a view to selling it on to someone who is prepared to carry out all of the necessary repairs and bring the property back into use whilst also ensuring that the Council is able to recover the full cost of any works in default.

7.13 The Council's Solicitors consider that, by serving Notices and spending large sums of money to clear, treat and repair 22 Wimborne Road without first securing possession, the Council is running the risk of not being able to recover its costs.

7.14 Exempt information.

7.15 Exempt information.

7.16 The Council's Solicitors consider that compulsory purchase action represents a lower risk than the use of Notices and Works in Default, given that the property is empty, the ownership is unresolved, and there is a lack of money for repairs.

7.17 The risk to the Council is reduced, further, by the fact that the amount of money the Council is required to pay for 22 Wimborne Road (based on market value) will be relatively low, given the nature and extent of the disrepair. Further more, as this type of property is popular with developers, the Council can be reasonably confident that it will recover its costs from the sale proceeds.

7.18 It should be noted that the making of a Compulsory Purchase Order must follow the statutory procedure. This means that it is likely to be a long time (probably at least eighteen months) before the Council is able to acquire the property and be in a position to dispose of it.

7.19 While this process is being followed, the council will need to ensure the property is boarded at all times and that adequate pest control measures are put in place.

8. Head of Legal Services Comments

- 8.1 The Head of Legal Services has been consulted in the preparation of this report and states that the main purpose of the statutory powers is to bring long-term empty properties back into use and that Section 17 of the Housing Act 1985 can be used, as a last resort, to purchase sub-standard properties where this will result in a clear housing gain. Compulsory purchase is a means by which to achieve this objective and it is considered proportionate in this instance.
- 8.2 The Head of Legal Services also notes that the contents of this report accurately reflect the legal advice that has been given in relation to this matter.

9. Service Financial Comments

- 9.1 This property is now vacant and uninhabitable. There is uncertainty over the title of the property. Securing a Compulsory Purchase Order, and then selling the property on with conditions, will bring the property back into use.
- 9.2 In cases where the property is purchased and sold on, the Capital Finance Regulations allow the "in and out" arrangements to be used. This will allow 100% of the sale proceeds to be used to finance the purchase costs incurred at acquisition.
- 9.3 It is possible that the total costs incurred may exceed the sale proceeds received. Any such costs will be met from a provision within the capital resources of the Housing Improvement Team (Private Sector).

10. Chief Financial Officer's Comments

- 10.1 There is no longer a specific budget for CPOs within the capital programme. However, in most cases, the costs of purchasing a property can normally be offset by a back to back sale with only a minor cashflow impact on the Council.
- 10.2 If the costs of the purchase do exceed the capital receipt then the difference will need to be met by the Housing Improvement Team (Private Sector).

11. Local Government (Access to Information) Act 1985

- 11.1 This report contains exempt and non-exempt information. Exempt information is contained within Appendix A and is not for publication.
- 11.2 The exempt information is the following category (identified in the amended schedule 12A of the Local Government Act 1972): Information relating to any individual and information relating to the financial or business affairs of any particular person (including the authority holding that information).

