




**Haringey** Council

Report for:	Cabinet on 18 December 2012	Item Number:	
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Title:	Approval for Compulsory Purchase Action – Empty Properties
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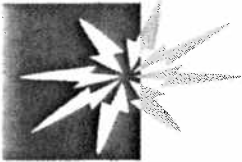
Report Authorised by:	Mun Thong Phung, Director of Adult and Housing Services
Signed:	
Date:	6.12.12

Lead Officers:	Steve Russell, Housing Improvement Manager (Private Sector) Tel: 0208 489 5196  Glayne Russell, Senior Environmental Health Officer (Empty Homes) Tel: 0208 489 5252
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Ward(s) affected: All	Report for: Key Decision
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1. Describe the issue under consideration
  - 1.1 The use of Compulsory Purchase powers forms an important part of Haringey's strategy for bringing back into use residential premises that have been long term vacant and where no other course of action is appropriate or can be pursued.
  - 1.2 This report sets out proposals to make Compulsory Purchase Orders in relation to 12 vacant properties in the borough. It describes the condition of the properties and the work that the Council has taken to bring them back into use.
  - 1.3 The purpose of this report is to seek authorisation to make a Compulsory Purchase Order (CPO) for each of the 12 properties and to submit the Order to the Secretary of State for confirmation (if the owners fail to repair and bring the properties back into use) and then dispose of the property following the compulsory purchase.

2. Cabinet Member Introduction
  - 2.1 I am delighted with the action being taken by Officers to renovate and bring back into use eyesore properties that have blighted the streets of Haringey.



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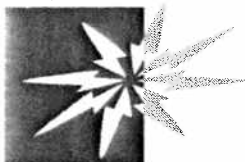
- 2.2 Given the amount of contact that they have with the Council's Housing Improvement Team (Private Sector), the owners of these empty properties are left in no doubt that the Council will do whatever is needed to bring the properties back into use.
- 2.3 Enforced Sales are an effective way of dealing with empty properties and can be used where money is owed to the Council in the form of Council Tax debt or a works in default debt. Since 2007, £374,800 has been recovered in unpaid Council Tax and a total of 12 properties have been taken into possession and auctioned off with a covenant in place ensuring that new owners renovate them without delay.
- 2.4 Another 38 empty properties are currently being targeted for Enforced Sales, with a view to bringing them back into use and recovering debts totalling £186,500.
- 2.5 Compulsory Purchase is only ever used as a last resort. Faced with the threat of CPO action, many owners are persuaded to sell or bring their properties back into use either before the Cabinet authorises the CPO or prior to the Council submitting the Order to the Secretary of State for confirmation.
- 2.6 I am pleased to provide an update on the current status of the 22 properties that the Cabinet has previously approved for CPO action:

### Properties purchased by the Council under a CPO

- 2.7 Of the 22 properties approved for CPO action, 5 have been compulsorily purchased by the Council and then sold on and renovated:
  - 115 Tower Gardens Road N17
  - 160 Seaford Road N17
  - LHS 87 Carlingford Road N15
  - 97/99 Philip Lane N15
  - 22 Wimborne Road N17 (sale in progress)

### Properties that did not need to be purchased by the Council

- 2.8 13 of the 22 properties approved for CPO action required no further CPO action because they have been brought back into use by the owners who have either done the work themselves (sometimes with the aid of an empty property grant provided in return for tenancy nomination rights) or sold the property onto someone else who has then brought it back into use:
  - 80 Beaconsfield Road N15
  - 207/209 Mount Pleasant Road N17
  - 92 Moselle Avenue N22
  - 81 Grove Park Road N15



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- 1 Strode Road N17
- 26 Gedeney Road N17
- GFF 15 Terront Road N17
- 16 Woodside Road N22
- 95 Birkbeck Road N17
- 17 Canning Crescent N22 (demolished and rebuilt as flats)
- 9 Wordsworth Parade N8 (renovation funded by Channel 4 for TV programme)
- 102 Church Road N17
- 3 Eade Road N4

2.9 Two of the 22 properties approved for CPO action required no further CPO action because they were the subject of Enforced Sales:

- 174 Sirdar Road, N22
- 5 Chalgrove Road, N17

2.10 Enforced Sales are faster than the CPO process, but must be backed up by the threat of a CPO in case the owner settles the debt and leaves the home empty.

2.11 One of the 22 properties approved for CPO action did not result in an application being made to the Secretary State because, in Counsel's opinion, the application is unlikely to succeed under the current circumstances:

- 110 Priory Road, N8

2.12 The last of the 22 properties approved for CPO action did not result in an application being made to the Secretary State because it appeared, at first, that the owner could be relied upon to bring the property back into use:

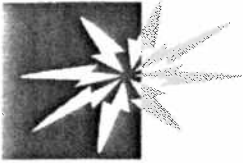
- 39 Broad Lane, N15

2.13 Although the owner was given every opportunity to bring 39 Broad Lane back into use (and was even offered an empty property grant to meet part of the cost), work has stopped after some initial progress. This property is therefore one of the 12 properties for which Cabinet is being asked to approve CPO action in this report.

### 3. Recommendations

3.1 It is recommended that the Cabinet:

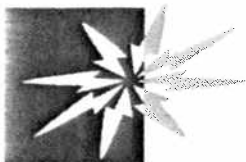
- (1) Authorises the submission of the 12 properties listed in Paragraph 5.8 to the Secretary of State for Communities and Local Government for a confirmed Order, under Compulsory Purchase powers;



- (2) Authorises the Head of Legal services to:
- (a) Make and seal the Orders for submission to the Secretary of State for consideration and approval (including the service of any requisition notices necessary to establish interests in the property) and to carry out the statutory notification required;
  - (b) Confirm the Compulsory Purchase Order in the event of the Secretary of State returning the Order authorising the Council to do so;
  - (c) Prepare for, and represent the Council at, any public inquiry held following submission of the Order to the Secretary of State;
  - (d) Upon confirmation of the Compulsory Purchase Order proceed with acquisition of the property;
  - (e) In the event that any of the owner(s) undertakes in the form of a legally enforceable cross undertaking to bring the relevant property back into residential occupation and use within a reasonable timescale, to authorise the Head of Legal Services in consultation with the Director of Adult and Housing Services to enter in to and enforce such an undertaking instead of proceeding with the CPO for the property in question; and
  - (f) Act in relation to any other procedural matters that may arise in the normal course of the CPO process.
- (3) Approves (subject to the confirmation of the CPO by the Secretary of State) the disposal of the property to a Registered Provider where possible, or to an individual or private developer, with covenants to bring the property back into use as soon as practicable.
- (4) Authorises the costs of the CPO to be met from the capital programme; and
- (5) Approves the recycling of the receipt from the disposal back to the capital programme budget for the continued private sector housing CPO programme.

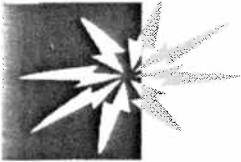
#### **4. Other options considered**

- 4.1 All options have been tried and exhausted. Letters have been sent to the owners of the empty properties, offering advice and grant aid.
- 4.2 Some of these properties have a debt outstanding to the Council which is being pursued under the Enforced Sales process. If the owner fails to pay, an Enforced Sale will be pursued and the property sold at auction. If they do pay but do not renovate the home and bring it back into use, the Council will proceed with a CPO.



## 5. Background information

- 5.1 The Council has a robust and targeted empty property enforcement programme, focused on the worst eyesore properties.
- 5.2 Complaints received from Members, residents and other services about problematic empty properties are put on an enforcement list along with any other problematic long term empty properties extracted from Council Tax lists. At any one time, the enforcement list contains between 60 and 80 empty properties.
- 5.3 A series of 5 letters are sent out to owners. The first 2 contain advice and offers of grant aid; the other 3 outline the enforcement options available to the Council and inform the owner that this course of action will be taken if they fail to act.
- 5.4 Enforced Sales are cost neutral as all costs associated with the process are recovered from the sale (by auction) of the property. The balance of the sale proceeds is paid into the Court for the owner to claim.
- 5.5 CPO action is not always cost neutral, as there may be a difference between the purchase price and the sale price. Every effort is made to avoid this. A basic loss payment (equivalent to 7.5% of the market price) may also need to be paid.
- 5.6 Of the 5 properties acquired through the CPO process so far, 4 have been sold at a profit, and this has helped keep the cost of CPO action neutral overall.
- 5.7 If Cabinet approval is obtained, the properties will not be sent immediately to the Secretary of State. Legal Services will write to the owners notifying them of the Cabinet's decision, since this often helps to focus the owner's attention on renovating the property and bringing it back into use.
- 5.8 The 12 empty properties, listed below, have been subject to the standard letters, grant offers, inspections and, where appropriate, Enforced Sale action:
- 73 a/b The Avenue N17
  - 3 Hale Road N15
  - 122 Albert Road N22
  - 14 Beechfield Road N4
  - GFF 5 Linden Road N15
  - 57 Mount Pleasant Road N17
  - 6 Elm Park Avenue N15
  - 77 Boyton Road N8
  - 17 Birkbeck Road N17
  - 34 Salisbury Road N4
  - 63 Mayes Road N22
  - 39 Broad Lane N15
- 5.9 A brief description of each empty property, together with photographs, is attached as **Appendix 1** of this report. Indicative valuations suggest that the 12 empty properties may be worth between £140,000 and about £350,000.



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5.10 All properties for which the Council is owed money will first be subject to the Enforced Sales process, as this is cost neutral. In such cases, authorisation is being sought for CPO action to be taken against the owner in the event of them settling the date and still failing to bring the property back into use.

5.11 Properties will only be submitted to the Secretary of State when all other options have been exhausted and funding is available to complete the compulsory purchase and sale of the property.

## **6. Comments of the Chief Finance Officer and financial implications**

6.1 This report seeks approval to submit to the Secretary of State a total of 12 properties for Compulsory Purchase Orders, following the failure of the owners to repair and bring the properties back into use.

6.2 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 displaced owner based on an independent valuation of the property in its existing state on the day of possession. This payment is initially funded from capital receipts, to be repaid once the sale of the property is executed.

6.3 Disposal is to a Registered Provider, ideally. Sale to a developer through an estate agent using sealed bids has also been used. To ensure the new owner renovates the property immediately following sale, the property is exchanged with the new owner but completion only occurs once the work has been finished and inspected. Property Services oversee this part of the process.

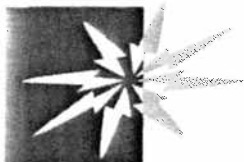
6.4 The initial capital budget for Compulsory Purchase Action was £700,000.00. This has already been used (and recycled) to purchase the 5 properties which have so far gone through the whole CPO process. 4 properties were sold on at a profit which has meant that the money can be offset against the one which has been sold at a loss to a Registered Provider.

6.5 A new capital bid in the sum of £500,000 is being made as a part of the budget setting process for 2013/14. The outcome of this bid is unknown at the time of writing this report. Any CPO action should only proceed once this budget provision has been made.

6.6 To keep the risk to the Council at a minimum, properties, following confirmation of the Order will be acquired and sold one at a time.

## **7. Head of Legal Services and legal implications**

7.1 The Head of Legal Services comments that the appropriate powers of acquisition are contained in section 17 of the Housing Act 1985 which are specifically designed for acquisition in these circumstances.



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7.2 The report also contemplates disposal. Power of disposal is contained in section 32 of the Housing Act 1985. The specific consent will be dependent on the purchaser(s), and Legal Services should be consulted once the properties are ready to be disposed of.

7.3 The Head of Legal Services confirms that, as this is a key decision, that decision must not be made unless at least 28 clear days public notice of the intention to make the key decision has been published via the forward plan.

## **8. Equalities and Community Cohesion Comments**

8.1 There are no equalities implications for this proposal. The Council is committed to creating safer neighbourhoods, stronger communities and making Haringey a better place to live and work. This programme meets these aims and provides encouragement to those residents living with the problems that long term empty properties bring to an area. The CPO process also supports the provision of varying types and sizes of dwellings which are now required to meet the need of Haringey's diverse communities.

8.2 Vacant properties have a negative effect within areas. Squatting has become a very serious problem in London and many long term empty properties will become squatted at some time as it becomes well known in the neighbourhood that they are empty. Out of the 12 properties in this report, 2 currently have squatters living in them.

## **9. Head of Procurement Comments**

9.1 Not applicable.

## **10. Policy Implications**

10.1 The use of Compulsory Purchase powers as an enforcement tool to bring empty properties back into use is included within the Housing Strategy and supports regeneration programmes especially the work associated with Tottenham.

## **11. Use of Appendices**

11.1 Appendix 1 - Property description and photographs

11.2 Appendix 2 - Maps of property location

## **12. Local Government (Access to Information) Act 1985**

12.1 CPO enforcement action is endorsed within the Council's Housing Strategy.

12.2 Detailed plans identifying all properties have been made available to scale through Property Services and are attached as Appendix 2 to this report.