



Haringey Council



Haringey Council

[No.]

Agenda item:

CABINET MEETING On 18TH SEPTEMBER 2007

Report Title: **115 Tower Gardens Road, Compulsory Purchase Order**

Forward Plan reference number (if applicable): **[add reference]**

Report of: **Director of Urban Environment**

Wards(s) affected: **White Hart Lane**

Report for: **Non Key**

1. Purpose

1.1 This report sets out proposals to make Compulsory Purchase Order at address 115 Tower Gardens Road, Haringey, London N17. The use of Compulsory Purchase powers forms part of Haringey's Empty Properties Strategy, Housing Strategy, and Sub-Regional strategy to bring back into use residential premise that have been long term vacant and where no other course of action is appropriate or can be pursued. It is also in pursuance of achieving a year-on-year increase in the number of privately owned empty properties brought back into use through advice or intervention (Best Value Performance Indicator 64).

1.2 This report describes the condition of the property and the work undertaken to date by officers in Enforcement Service of the Urban Environment Directorate and of the Sub-region to bring the property back into use.

2. Introduction by Cabinet Member (if necessary)

2.1 Councillor Nilgun Canver, Cabinet Member for Enforcement and Safer Communities
Councillor Isidoros Diakides, Cabinet Member for Housing Services:

Empty properties can be both a waste of desperately needed housing accommodation and a significant blight for an area. They attract criminal activity and antisocial

behaviours that can reduce both property values and the quality of life for residents. This property will be the first in a programme of proposed cases for compulsory purchase action where all other reasonable approaches to the owner have failed. It marks a progression in the enforcement activity being taken to address this property within Haringey and will send a clear signal; that in Haringey property owners that neglect the responsibilities of property ownership and who fail to bring their properties may lose them.

3. Recommendations

That the Cabinet:-

- 3.1 Agrees to use its compulsory purchase powers to acquire property known as 115 Tower Gardens Road, Haringey, London N17 (shown edged red on the attached plans) compulsorily under section 17 of the Housing Act 1985 and the Acquisition of Land Act 1981.
- 3.2 Authorises the Head of Legal Services to make and seal the Order for submission to the Secretary of State for Communities and Local Government for consideration and approval. Further to authorise the Head of Legal Services to confirm the said Compulsory Purchase Order in the event of the Secretary of State returning the Order.
- 3.3 Upon confirmation of the Compulsory Purchase Order to proceed with the acquisition.
- 3.4 Subject the confirmation of the Compulsory Purchase Orders by the Secretary of State for Communities and Local Government or the Council, Cabinet is also asked to approve the disposal of the property to a Registered Social Landlord in the first instance, or to a Private Developer (in which case the sale would be by way of auction with covenants applied to bring the property back into use as soon as possible.
- 3.5 Members approve a capital provision of £200k, from capital receipts, to fund the purchase of this property. This will be repaid once the sale is executed.

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

Contact Officer:

Fergal McEntee, Empty Property Enforcement Officer North London Sub-Region 0207 527 5688.

Glayne Russell, Senior Environmental Health Officer 0208 4895252

4. Director of Finance Comments

4.1 The pursuance of a CPO policy will have both capital and revenue implications for the Council. A capital provision will be required to acquire the property and this will take the form of a payment to the current owner based on an independent valuation of the property in its existing state. Generally this outlay should be recoverable when the property is sold. Several options are available for disposal including:

- (i) a back to back disposal agreement with an RSL so that the capital receipt is received as soon as possible;
- (ii) sale to a private developer;
- (iii) sale at an auction

4.2 It should be noted that there is a risk that the Council may not recover the acquisition costs particularly if the property market is stagnant or falling. Conversely, in a buoyant market, it may be possible to generate additional revenues.

4.3 The revenue costs associated with the policy will generally be non-recoverable and include legal, surveyors/valuers, stamp duty at the appropriate rate, etc. These could amount to between £10k and £15k for a typical three bedroom property valued at £200k.

4.4 If Members decide to proceed with the CPO, a provision of £200k will be included in the 2007/08 Urban Environment capital budget, initially funded from capital receipts, to be repaid once the sale of the property is executed.

5. Head of Legal Services Comments

5.1 The Council has the power to purchase land and housing in order to provide housing or in order to sell to someone else to provide housing. The Council can exercise this power either by purchasing the property by agreement or compulsorily with the consent of the Secretary of State. Compensation will be payable to the owner of the property.

5.2 If the Council wishes to dispose of the property immediately then the transfer must contain an obligation for the purchaser to carry out the necessary repairs and improvements so the property is brought back into use for housing within a specific time table. Depending on the timing of any disposal the Council may have to forward fund any compensation payable to the owner if the sale proceeds are not received in time to pay the compensation.

5.3 Once acquired the property can be disposed of in any manner the Council wishes but must first obtain the consent of the Secretary of State. Depending on who the buyer is and the agreement reached specific consents may not be required if the General Consents issued by the Secretary of State can be relied on.

6. Local Government (Access to Information) Act 1985

6.1 [List background documents]

6.2 [Also list reasons for exemption or confidentiality (if applicable)]

7. Background

- 7.1 115 Tower Gardens Road is a three storey, end of terrace, ex Greater London Council, property located in a residential conservation area. The property is a 1930's building style. The property was first reported to Haringey in November 2002 by a ward councillor complaining that the property is an eye sore as it is in a bad state of repair with broken windows and causing blight to the area.
- 7.2 The Council attempted to enforce the sale for outstanding unpaid Council Tax debt on the property, however, the owner paid the debt before the enforced sale went through.
- 7.3 The property has been reported to the council on several occasions. The environmental health department have needed to take enforcement action and serve notices on the owner. Complaints were made that the property was been used for drug taking. In April 2003 the property was boarded up by the owner.
- 7.4 Haringey's Empty Property Officer has written a number of letters to the freeholder of this property offering assistance, both practical and financial including empty property grants, to help them bring the property back into use voluntarily. The senior environmental health officer dealing with this property has met with the owner and has discussed with the owner who has shown no evidence that he intends to bring this property back into use. He has not provided any plans for the property or provided any evidence of financial means to bring the property back into use.

8 Property Condition

- 8.1 In general the property is in very poor condition. The exterior rendering is stained, the guttering is broken in places, the windows and exterior doors are badly boarded up with many of the boards damaged or falling off. The side fence has fallen over and is dangerous. Tiled pitch roof is in very poor condition. Windows are both timber framed sash and PVC and in poor condition.
- 8.2 Internally the property is in very poor condition. Currently there is no electric or water to the property. The Environmental Health Department under the Housing Health and Safety Rating System is in the process of serving section 11 and section 12 improvement notices for defects throughout the property.

The category 1 hazards are;

- Excess Cold,
- Crowding and Space,
- Food Safety,
- Personal Hygiene, Sanitation, and Drainage,
- Falling on Level Surfaces etc
- Falling on Stairs etc
- Structural Collapse and Falling Elements

9 Housing Strategy

- 9.1 Empty homes are critical in Haringey, primarily because all homes are important – we are responding to complex needs for housing, both at the moment and in the near future.
- 9.2 Haringey suffers acute housing pressure, including 5,861 homeless households in temporary accommodation which is one of the highest number of in Britain.
- 9.3 London is growing, and Haringey is growing faster than the rest of London. While London's population is estimated to grow by 11% (an increase of 810,000 people), Haringey will grow by 16% and will remain more socially dynamic than the rest of London – with a younger and more ethnically diverse population. A diverse community needs a variety of types of homes – for rent and sale, for single people and families with children.
- 9.4 Current and future need for homes prompts us to make better use of all our existing housing resources, which include empty properties. More than eighty thousand private homes are lying empty across London – two and half thousand of them in Haringey, giving us the 13th highest number, according to both the 2001 Census and recent Council Tax information.
- 9.5 The total number of vacant residential properties is a dynamic figure and is heavily affected by market conditions including property owners' confidence. Our latest figures as at 1/4/2007 show that 1961 are vacant and 1001 properties have been empty for more than 12 months, though further integration of technology would allow these figures to be monitored on a continuous basis.
- 9.6 We are committed to using housing growth as a major driver in our programme to narrow the gap between the east and west of the borough, by improving the east. Bringing empty properties back into use is an important step toward realising our vision of improving quality of life and developing Haringey as a cohesive, sustainable community.
- 9.7 The Housing Strategy believes that empty properties have a significant contribution to make in Haringey's development of a sustainable community and in meeting housing needs.

10 Financial Implications/Risk for making the CPO

- 10.1 If the Compulsory Purchase Orders are confirmed by the Secretary of State for the Department of Communities & Local Government Haringey will proceed if necessary with the acquisition of the property. Compensation will be payable to the owners based on the valuation on the date of possession, which could be higher or lower than the council's valuation. In the current condition, the property is worth between £150,000 to £250,000.
- 10.2 The Council will be liable for the owner's reasonable surveyors' costs and legal fees associated with the conveyance. The council will also be liable for Stamp duty and costs to secure the property.
- 10.3 The Director of Urban Environment will identify a Registered Social Landlord to purchase the property on a back-to-back sale to provide permanent social housing. If a Registered Social Landlord cannot be identified an approved financially viable private sector developer will be identified who can purchase the property from Haringey as quickly as possible after the Council has acquired ownership. The property will be sold subject to covenants requiring the purchaser to carry out comprehensive refurbishment within a defined timescale. If it is not practical for whatever reason to sell to either a Registered Social Landlord or an approved private developer then sale will be by auction, subject to covenants, requiring the purchaser to carry out comprehensive refurbishment within a defined timescale will be used.

11 Human Rights Act 1998

- 11.1 Officers have considered this proposed Compulsory Purchase Order in the light of the relevant provisions of Article 1 (no one should be deprived of his possessions except in the public interest), Article 6 (right to a fair trial – the owners have the right to appeal to secretary of state and then also to the high court) and Article 8 (right to respect for private and family life, home and correspondence – the right to full and proper compensation) of the Human Rights Act 1998.
- 11.2 In view of the factors set out in this report officers consider that the exercise of compulsory purchase powers is justified by reason that it is in the public interest, authorised by law and necessary and proportionate towards meeting the objectives of the Council's Housing Strategy. Every effort to encourage the owners to bring back the property back into use has been exhausted and compulsory purchase is the last resort left available to the council.

12 Legal Implications

13 Equalities Implications

13.1 There are no equalities implications for this report.

14 Consultation

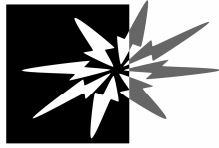
14.1 This report has been subject to consultation with Housing Strategy.

15 Conclusion

15.1 Compulsory purchase of the properties by the Council as a last resort is justified and officers are of the opinion that compulsory purchase is now the most effective solution. Acquisition of the property by the Council and the subsequent sale to and refurbishment by a housing association or private sector developer will achieve a quantitative and qualitative housing gain and also improve the aesthetics of the local area. The property is in a conservation area and with careful monitoring from the council, it will be re-instated into use to high conservation standards. Thus greatly adding to the local community.

16 Use of Appendices / Tables / Photographs

- A. Photographs
- B. Briefing Note
- C. Land registry map

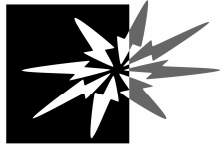


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Appendix A

115 Tower Gardens Road





Haringey Council

Appendix A continued



Above Left - Bathroom

Above - First floor corridor

Left - Kitchen

Appendix B

Briefing Note on Compulsory Purchase Process

Purpose

To start an active empty property enforcement procedure where long term, problematic, empty properties can and if necessary be compulsory acquired by a Compulsory Purchase Order (CPO) or served with an Empty Dwelling Management Order (EDMO). Properties that are CPO'd will be sold off either to registered social landlords on a back-to-back basis, or private developer under covenant or auction under a covenant. Properties served with an EDMO will be managed by an agreed partner. To identify resources needed to implement the procedure with the assistance of the North London Sub-Region (NLSR).

Introduction

Haringey is working with the north London sub region (NLSR) to tackle the problem of empty properties across the borough. Environmental health department is working with their colleagues in Housing Services to tackle the long empty properties that blight the borough. Currently there are 2,765 (as of the 1st of April 2006) empty properties on Haringey's empty property list. Of these, 20 cases have been put on a high priority list for enforcement action. It is recommended that the high priority cases are dealt with by a robust enforcement policy

Enforcement options

For the properties that are currently under consideration by the council, it is likely that the options will be either enforced sale (where there is a debt to the council) or compulsory purchase. This is because most are in a substantial state of disrepair and an empty dwelling management order (EDMO) will not be a viable option because of the cost of bringing the property up to a habitable standard. However, where properties are in a good condition, an EDMO maybe an appropriate course of action.

Whilst enforced sale is a more straight forward and cost effective option, it can only be used on properties where there is a debt. Where there is no debt, or a debt is cleared, then CPO action is the best resort.

The NLSR has produced guidance regarding the 'best course of action' for empty property enforcement.

A successful CPO programme clearly relies on political and financial commitment.

Cost of CPO action

A commitment to cover the cost of the property needs to be agreed (and documented) before any action can be taken. The funding essentially indemnifies the cost of the CPO. This needs to be in place before the Secretary of State can confirm the order and therefore agreed before the CPO report goes to cabinet. Such a commitment is normally made using capital funds. Within the sub-region, the boroughs of Camden, Islington and Westminster all have a 'pot' of funding available for CPO cases.

Under current financial rules, provided a property acquired under CPO is resold within 3 years, 100% of the sale proceeds can be returned to the council's capital programme. The compensation payable (the market value of the property) is normally off set by the revenue received from the sale of the property. Thus the risk to the council is minimal.

It should be noted that in those councils with an active CPO programme, they find that 90% of cases put forward for CPO are resolved after cabinet have agreed to proceed with enforcement, thus resolving the problem in a cost effective manner. In a buoyant housing market it has also been found that the process can actually generate revenue.

The non-recoverable costs that the council must bear include:

- Legal costs - £6,000 to £12,000. This will depend on the experience of the legal team and if there is a public local enquiry (if the owner objects to the CPO).
- Valuation fees - £500 -£800.
- Officer time.
- Basic loss payment of 7¹/₂% of the market value determined on the date of possession – to a maximum of £75,000 (this can be avoided if previous action has been taken under certain parts of the Housing Act 2004 and planning legislation)
- Clearing and securing the property after possession
- Stamp duty (if applicable)

The Empty Properties Officer encourages owners to bring properties back into use offering support, advice and information and makes grants available for building costs. Where an owner is unwilling or unable to accept advice or incentives, we will be committed to take enforcement action to bring the property back into use. Compulsory purchase is the last resort and is only used where every effort has been made to encourage the owner to voluntarily bring back the property into use.

Once the Compulsory Purchase Orders are confirmed by the Secretary of State for the Department of Communities & Local Government, Haringey will proceed if necessary with the acquisition of the properties. Compensation will be payable to the owners based on the valuation on the date of possession, which could be higher or lower than the council's valuation

The Director of (either Housing or Urban Environment) will identify a Registered Social Landlord to purchase the property on a back-to-back sale to provide permanent social housing. If a Registered Social Landlord cannot be identified an approved financially viable private sector developer will be identified who can purchase the property from Haringey as quickly as possible after the Council has acquired ownership. The property will be sold subject to covenants requiring the purchaser to carry out comprehensive

refurbishment within a defined timescale. If it is not practical for whatever reason to sell to either a Registered Social Landlord or an approved private developer then sale will be by auction, subject to covenants, requiring the purchaser to carry out comprehensive refurbishment within a defined timescale will be used

Current empty property strategy

When the existing empty property strategy (2005/08) is reviewed, it would be useful for this process to be lead by both housing supply and environmental health.

The existing strategy focuses on the advice and assistance given to owners of empty properties in order to increase housing supply. It may be useful to consider how much of empty property work is a housing supply issue – and whether the emphasis should also be on regeneration, renewal and housing standards.

The sub-region is in the process of developing a strategy. In order to link with this, you may wish to consider the following factors when looking at a new strategy in the future:

- Developing an accurate empty property database
- Developing a meaningful system to measure the success of the strategy
- Developing a clear work/action plan – with measurable outputs
- A clear analysis of the housing market, distribution of empty properties and reasons why they are empty
- To emphasise regeneration and renewal (presumably in the housing and private sector housing strategies) and decent homes.
- The need to identify the most problematic long term empty properties and target them with an effective enforcement policy.
- Effective joint working between relevant departments e.g. environmental health, housing supply etc. Who is driving the strategy? Who will do what? And who are the partners?
- Where is the funding coming from?
- To consider the aims and objectives of the north London sub-region they have produced SR empty property strategy.
- With the GLA taking over the private sector housing function from the Government Office for London (GoL), the Mayor will be producing a new housing strategy which will be statutory. It is anticipated that the Mayor will produce an updated report on empty homes to tie in with the strategy.

In addition, to the strategy an enforcement policy should be developed between both housing supply and environmental health. This will enable the commitment detailed in the strategy to be effectively actioned. Effective joint working between the two sections will be essential to the success of this programme.

Assistance from the NLSR

The NLSR has produced several documents that will help Haringey with its' enforcement programme (e.g. CPO procedure, best course of action, legal timescales etc).

The sub-region organised CPO training in 2005, which was attended by 9 delegates from Haringey (from housing supply, environmental health, planning and legal). More training is planned.

An enforcement officer has been working with Haringey to identify priority cases and has been assisting environmental health with inspections, letters, notices and reports on these properties. This officer will be available to carry out specific work over the forthcoming year.

The NLSR has employed a legal expertise in CPO who is available to assist Haringey with preparing the Statement of Reason for GoL and related legal matters that arise.

Further more the NLSR are accepting bids from Haringey to assist in implementing the empty property strategy. This can be in the form of

The longer term

For an enforcement policy to work, dedicated staff are needed to tackle the workload. Westminster have a full time CPO officer in addition to the empty property officer. Islington are in the process of providing dedicated resources from within the environmental health team. Newham have a long standing team of 3 or 4 officers based in environmental health, and have the largest CPO programme in London, if not in the country. There is a team of 3 to 4 staff based in environmental health who handle a caseload of 800-900 vacant properties, land and buildings with a view to CPO (in addition to an EPO who provides advice and assistance).

In recent years, Haringey have been relatively inactive regarding enforcement action against empty properties and there is no doubt that Haringey would benefit greatly from such a dedicated enforcement team.

Appendix C

Please see attached Map from Land Registry Office.