



CABINET

11 December 2013

Subject Heading:

Compulsory Purchase Order Report

Cabinet Member:

Cllr. Lesley Kelly
Lead Member for Housing and Public Protection

CMT Lead:

Joy Hollister – Executive Director Children, Adults and Housing Services

Report Author and contact details:

Christopher Vincent – Empty Property Unit
extn. 2987

Policy context:

Housing Strategy; Empty Homes Strategy 2009 – 2012

Financial summary:

Draft Housing Strategy 2013-2016
The recommendation is to compulsorily purchase 5 named properties; no capital outlay is required for this. Some small budgeted expense would be borne by the Council. The sale proceeds will be passed on to the previous owners or if unclaimed within 12 years, retained by the Council.

Is this a Key Decision?

Yes

Is this a Strategic Decision?

No

When should this matter be reviewed?

Not to be reviewed

Reviewing OSC:

Towns and Communities Overview and Scrutiny Committee

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	[x]
Championing education and learning for all	[]
Providing economic, social and cultural activity in thriving towns and villages	[x]
Valuing and enhancing the lives of our residents	[x]
Delivering high customer satisfaction and a stable council tax	[x]

SUMMARY

- 1.1 This report seeks permission to proceed with the making of a Compulsory Purchase Order (CPO) in relation to selected empty properties across the Borough, as part of the empty property enforcement programme.
- 1.2 This approach is in accordance with the aims agreed by Members when approving the Empty Homes Strategy 2009-2012 at Cabinet on 18th November 2009 and most recently the 2013 – 16 Draft Housing Strategy at Cabinet on 16th October 2013.
- 1.3 The Housing Needs and Strategy section of Homes and Housing deals with empty properties in the Borough. 5 properties have been identified by Council officers as being high risk, long term empty properties.
- 1.4 In each of the cases described in this report, negotiations between Officers and the property owners have failed to return the properties to occupation.
- 1.5 Officers now consider that making a CPO over each of the properties listed below is the most appropriate and expedient method of bringing the following properties back into occupation:
 - (a) 11 Wolseley Road, Romford
 - (b) 82 Ravensbourne Crescent, Harold Wood
 - (c) 106 Frederick Road, Rainham
 - (d) 78 Winchester Avenue, Upminster
 - (e) 58 Dominion Drive, Romford
- 1.6 With regard to empty properties (d) and (e) which were originally submitted to cabinet on 10th July 2010 and approved for CPO, officers feel that as there have been changes to the properties which still remain empty, it would be appropriate to seek the Cabinet's further approval to pursue CPOs against these two properties.
- 1.7 The details of the correspondence and interactions with the individuals involved are included in Exempt Appendices A - E. The reason why the Appendices are exempt is that they include confidential details of individuals.

RECOMMENDATIONS

2.1 That approval be given to the making of the following Compulsory Purchase Orders in accordance with section 17 of the Housing Act 1985, and the Acquisition of Land Act 1981, to acquire all legal interests in the relevant properties:

- (a) London Borough of Havering (11 Wolseley Road) Compulsory Purchase Order 2013
- (b) London Borough of Havering (82 Ravensbourne Crescent) Compulsory Purchase Order 2013
- (c) London Borough of Havering (106 Frederick Road) Compulsory Purchase Order 2013
- (d) London Borough of Havering (78 Winchester Avenue) Compulsory Purchase Order 2013-10-16
- (e) London Borough of Havering (58 Dominion Drive) Compulsory Purchase Order

2.2 In relation to each of Compulsory Purchase Orders authorised by paragraph 2.1 above authorise the Assistant Chief Executive, Legal and Democratic Services to alter the Compulsory Purchase Order so as to exclude any land/interests acquired prior to the sealing of the Order.

2.3 In relation to each of Compulsory Purchase Orders authorised by paragraph 2.1 above authorise the Assistant Chief Executive, Legal and Democratic Services to seal the Order and take all necessary steps, including the publication of all statutory notices, to secure confirmation of the Order.

2.4 In relation to each of the Compulsory Purchase Orders authorised by paragraph 2.1 above, authorise the Assistant Chief Executive, Legal and Democratic Services (in the event that the Secretary of State notifies the Council that it has been given the power to confirm any of the Compulsory Purchase Orders) to confirm the Order and take all steps necessary to secure possession of the property, including the making of a General Vesting Declaration if he or she is satisfied that it is appropriate to do so.

2.5 In relation to each of the Compulsory Purchase Orders authorised by paragraph 2.1 above, authorise the Assistant Chief Executive, Legal and Democratic Services to suspend the Compulsory Purchase procedure if the Private Sector Housing Manager, Homes & Housing is able to reach an agreement with Owners of these properties with regard to repair, refurbishment and reoccupation of any of the properties.

REPORT DETAIL

- 3.1 Members approved the current Empty Homes Strategy for 2009-2012 November 2010. This strategy set out twin aims:
- (a) to reduce the number of long term empty homes and so increase the supply of affordable decent homes; and
 - (b) To prevent as far as is reasonably practical, further homes becoming long term empty homes.
- 3.2 This approach has been endorsed within the draft Housing Strategy 2013 – 2016 agreed at Cabinet in October this year. The approach and proposals set out within this report is entirely consistent with these strategies
- 3.3 Each of the properties for which authorisation to commence compulsory purchase proceedings are sought is in poor condition and/or has been unoccupied for a long period of time.
- 3.4 Council officers have made concerted efforts to contact the owners of each of the properties and encouraged each of the owners to bring the premises back into use.
- 3.5 A brief history, description, and photographs for each property are contained in appendices A-E.
- 3.6 The Office of Deputy Prime Minister Circular 06/2004 requires an acquiring authority to have a clear idea of how it intends to use the land or interests which it is proposing to acquire under a Compulsory Purchase Order.
- 3.7 Each of the properties is in poor condition, and despite the best efforts of Officers, no conclusive progress has been made to bring these properties back into beneficial use.
- 3.8 Should Cabinet resolve to seek a compulsory purchase for each of the subject properties, it is the intention that each will be sold to either private developers or individuals for renovation and reoccupation.
- 3.9 Subject to the approval of Cabinet to seek a compulsory purchase order on each of the subject properties, it is intended that the Council becomes the freehold owner at the time of possession of the property under a General Vesting Declaration. This enables the Council to dispose of the property to a third party, with compensation payable to the present owner settled at a later date.

Cabinet, 11th December 2013

3.10 It is intended that the properties acquired by the Council under the proposed compulsory purchase orders will be passed to Strategic Property Services for auction sale. The costs of Strategic Property Services and the estate agents fees will be deducted from the proceeds of sale, thus causing no cost to the Council.

3.11 The key benefits of the use of compulsory purchase orders are:

- (a) an increase in the availability of good quality private sector accommodation for purchase or rent;
- (b) assistance with the regeneration of areas and town centres;
- (c) a reduction in squatting by removing the opportunity at an early stage;
- (d) a reduction in eyesores by tackling empty property and land;
- (e) a reduction in anti-social behaviour associated with empty properties, including rubbish dumping, vandalism, arson, drug taking, and other nuisances;
- (f) an increase in the number of private sector homes brought up to a decent standard;
- (g) an improvement in community sustainability and cohesion;
- (h) an improvement in the look and feel of the built environment;
- (i) the recovery of any unpaid Council tax and other debts that have accrued through the years where the council has been unable to collect by other means;
- (j) a reduction in the level of demand on a number of Council services
- (k) an increase in the level of private investment in Havering by forcing refurbishment of dilapidated properties;
- (l) The provision of clear evidence to Borough residents that the Council will not tolerate empty properties, thus reducing the likelihood of properties being left empty in the first place.

3.12 If the Homes and Housing service is not empowered to utilise the statutory compulsory purchase regime, the Council's ability to effectively intervene to address empty properties would be seriously undermined.

3.13 Residents living next to or near empty properties could not be offered assurance that the problems associated with these locations would be ultimately removed.

- 3.14 It is also likely that the deterioration of the property would further detrimentally impact upon the local environment or community. This would hinder regeneration efforts; reduce market confidence and slow economic and social development in the Borough.

REASONS AND OPTIONS

Reasons for the decision:

- 4.1 All attempts to bring the subject properties back into occupation by working cooperatively with the owners have failed.

Other options considered:

- 4.2 Empty Dwelling Management Orders (EDMOs) have been considered, however are not considered suitable as the owners of the properties have not cooperated with the Council's efforts to have the properties reoccupied. Also many of the properties require extensive work. Under an EDMO the Council recovers the costs of any works undertaken by letting the properties. Given most of these properties require significant work; there would be a lengthy delay before the cost of the works could be fully recovered, and the use of EDMOs in these cases is therefore considered unfeasible.

IMPLICATIONS AND RISKS

Financial implications and risks:

- 5.1 The Council will not have to outlay any capital resources towards the purchase price to acquire the properties.
- 5.2 Properties subject to compulsory purchase orders will be vested in the Council by way of a General Vesting Declaration (GVD). A GVD is a declaration authorised by statute which, when executed by the Council, vests title in the property with the Council for the purpose of on selling the property, and allows compensation to be made to the owner of the property at a later date once the property is sold by the Council. The Council does not have to provide any finance, to enable the properties to be vested in the Council.
- 5.3 The sale proceeds will be passed on to the previous owners or, if unclaimed within 12 years, retained by the Council. The owner has a right to request an advance payment of compensation once the vesting date has passed. This amount is 90% of agreed compensation or 90% of Council's estimate of the compensation. Once requested, this amount must be paid to the owner within

Cabinet, 11th December 2013

90 days. Council should therefore aim to dispose of acquired properties within 90 days of acquisition.

- 5.4 Interest is payable on the compensation sum from the vesting date. The actual date of completion of sale may be a number of months later. There would be an interest component for which Council is liable. Once funds are received they will be held in an interest bearing account until compensation is paid.
- 5.5 Any outstanding Council tax that is registered as a charge over the relevant land will be deducted from the sale proceeds before the balance is paid to the owner of the property. Any other charges, such as costs of enforcement works may also be recovered.
- 5.5 Compensation for the acquired property will be paid to the owner from the sale proceeds of the property. The compensation payable is determined by valuation at the date of taking possession of the property.
- 5.6 If the owner objects to the level of the compensation offered by Council and the matter proceeds to the Lands Chambers for determination, there is a small potential for Council to be forced to absorb a shortfall if the sale price is less than the determined value. Council would also incur further costs (est. £2,500) in conducting a compensation assessment hearing.
- 5.7 If the dispossessed owner incurs costs such as conveyancing fees and stamp duty in acquiring a new property within 12 months of the acquisition, then Council may be liable for those costs. In the case of each of these properties this is considered highly unlikely.
- 5.8 As the properties are unoccupied, no disturbance or re-housing costs are payable.
- 5.9 The identified costs are budgeted for in the ELRP Empty Property Program.
- 5.10 When these empty properties are reoccupied the costs incurred by Council will be partially offset if not recouped via increased Council Tax revenues, and a reduction in expenses associated with complaints and problems caused by empty properties.

EXPENSE	ESTIMATE
<i>In all cases</i>	
Legal notices in Romford Recorder	£1,000-£1500
Land registry filing charges	£200
Estate Agent's costs	£500
Surveyor/valuers fees of Council	£500
Surveyor/valuer fees of owner	£500
<i>If the order is objected to and proceeds to public inquiry then some or all of the following costs may be payable by Council</i>	
Costs of briefing Counsel to appear at enquiry on Council's behalf	£2500
The Secretary of State's costs for conducting the inquiry	£5,000
The objector's costs of participating in the enquiry in the event that the Council is unsuccessful at the public enquiry	£2500

Legal implications and risks:

- 6.1 The Compulsory Purchase Orders will be subject to confirmation by the Secretary of State.
- 6.2 Office of Deputy Prime Minister Circular 06/2004 provides that there must be; A compelling case in the public interest for the Compulsory Purchase Orders, given the interference with the property rights of those affected. It will be necessary to demonstrate the public interest in the Statement of Reasons which will accompany the Compulsory Purchase Order.

Human Resources implications and risks:

- 7.1 There are no human resource implications and risks relating to this report

Equalities implications and risks:

- 8.1 Whilst empty properties are distributed through out the Borough, people from low income households often have limited options in terms of the quality and type of housing they can afford to live in.
By producing better quality housing and increasing the number of housing units available for purchase or rent, low income households will be provided with more choice in selecting suitable accommodation, and the overall standard of housing accommodation in the Borough can be improved.

BACKGROUND PAPERS

- 6.1 Empty Homes Strategy 2009-2012
- 6.2 Draft Housing Strategy 2013-2016

Surveys, correspondence and case records for each property