

Report to Scrutiny



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PORTFOLIO	Housing and Environment
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Empty Homes Clusters Programme

PURPOSE

1. To update the committee on the progress of the Empty Homes Clusters Programme and the LinkedUp programme.

RECOMMENDATION

2. That members of the committee note the contents of the report.

REASONS FOR RECOMMENDATION

3. To ensure the committee remains up to date on the current programme and planned action of the Clusters of Empty Homes.

SUMMARY OF KEY POINTS

4. There are approximately 2900 empty properties in Burnley with 560 of these having been empty for over 2 years. They cluster to form 20% of the total housing stock in some areas and attract associated problems of anti-social behaviour, crime and fly tipping. Tackling empty homes is a priority for the Council and for PLLACE.
5. The Empty Homes Clusters Programme gives the opportunity to address the empty homes in the proposed areas, bringing them back in to use, and through working with our partners addressing other associated problems to make the cluster locations desirable places to live.
6. We secured £3,551,033 from the Government which needs to be match funded to bring approximately 175 empty homes back into use. All funding for this programme must be committed by the end of March 2014.

7. The Brennand St area has a total of 592 properties with 95 of these being vacant. This amounts to 16% of the properties. The Gannow Lane area has a total of 521 properties with 83 (16%) of these being vacant and finally the Trinity area has 729 properties with 117 (16%) of these being vacant. These areas have been selected for intervention under the clusters of empty homes programme because they present the best opportunity for sustainable intervention to tackle the problem of a localised concentration of empty homes.
8. There are a number of approaches that we are utilising to ensure effective programme delivery:
 - (1) Loans to the owners of empty homes to enable them to bring the properties back in to use. These loans are for an amount up to £20,000 with no match funding required by owners;
 - (2) Purchase Assistance Loans to people wanting to buy properties in the clusters locations as their main residence;
 - (3) Refurbishing properties acquired by CPO or agreement including a number of properties being remodelled (i.e. two in to one) and;
 - (4) General environmental treatments and security of the areas such as Alley gating.
9. There are a number of properties that will need to be purchased with this funding. The current programme includes purchasing and renovating 66 properties via Burnley Borough Council in the three areas. Properties will either be purchased by agreement with the owners or they will have to be Compulsory Purchased using Housing Act powers. The council will facilitate landlords buying properties wherever possible and then renovating them to acceptable standards.
10. **Loans Progress** – to date we have received 63 enquiries for the loans in the Cluster Areas and we are looking to complete 40 loans during the course of the programme. Twenty one have been approved with some completed and some with works underway or yet to start.

We have not had the take up of loans that we envisaged at the start of the programme and have made changes to the programme already by increasing the amounts offered to £20,000.

11. **Purchase Assistance Loan Progress** – The Purchase Assistance Loan (PALs) can be used to fund the gap between the finance available to the applicant for the acquisition of the property (i.e. mortgage finance, savings, equity being released by the sale of other property) and the acquisition price of the property being acquired. A portion of the Loan may be used to remedy any Category 1 hazards in the property being acquired. The applicant must not be able to purchase the property without the use of the Loan, and must be able to demonstrate this to the Loan

Administrator. These will be advertised when properties become available when renovation works are complete.

12. Acquired Properties Progress – to date we have acquired 19 properties by agreement with a further two properties, so far, going through the legal process. Renovation works have completed on six properties with works underway on several others. These six properties are now on the market for sale with one sale so far and one more under offer.

13. Compulsory Purchase Order Progress – Executive have approved around a hundred properties for us to be able to take CPO action if necessary. This has always been the tool of last resort and several of the properties on this list are already back in to use without us starting the CPO action. Some of the owners have applied for loans to renovate the properties, some properties have been sold and we have contacted the new owners and some of the properties are currently being renovated.

In these cases it is not appropriate for us to carry out a CPO at this stage but we are continuing to monitor the properties to make sure that some action is forthcoming. So far we have completed 7 CPOs with a further 16 underway.

14. Private Rented Sector - The number of properties brought back into use by the private sector currently stands at 34 with little or no financial help from the council which counts towards the amount of match funding needed from the private sector. It is estimated that around £450k has been spent so far to purchase and/or renovate these properties.

15. Environmental/Security Progress – part of the programme in each of the areas is allocated to environmental or security issues. Each area was allocated between £100-£150k for these improvements. Several alley gates have been fitted. We will also be offering a monitored alarm system for owners taking out one of the loans as security of the properties whilst renovation works are being carried out has been highlighted by owners in certain areas and this was thought to be a good idea by the Police. We are exploring other options for this aspect of the programme and will report back shortly.

16. Due to the nature of the programme, there is uncertainty as to the level of take up of the loans for owners of vacant properties. This is being monitored closely. We are confident that more loans will be achieved.

17. Private Sector Leasing Scheme – a tendering process was carried out to try and appoint a company to manage this scheme on behalf of the Council. We were not able to appoint off the tenders received due to the quality of the submissions. We are currently working with Calico to try to find a solution to this problem and hope to be able to report a positive outcome soon.

18. In summary, with around seven months to the end of the financial year when funding has to be committed we have around 94 properties in the pipeline with CPOs, loans and the private sector. We have further mailshots planned regarding the loans and acquisitions by agreement where we contact the owners of the vacant properties.
19. **LinkedUp Programme** - In February 2012 Burnley joined the with four other local authorities across Pennine Lancashire, along with Calico Housing and the Together Group to bid for resources from the Homes and Communities Agency (HCA) to bring empty homes back in to use. The Linked Up scheme is the name chosen for the Pennine Lancashire Partnership. This scheme aims to bring back in to use 474 empty homes over the next 3 years. Through this partnership approximately 68 properties in Burnley will be brought back into use.
20. A key criterion for this funding is that when the empty home is brought back into use it is either owned or managed by a Registered Social Landlord (RSL).
21. LinkedUp will use two main options to bring the 68 properties back into use in Burnley:
- The owner of the vacant property agreeing to a lease arrangement for 5 to 10 years, through which the property will be managed by a RSL for affordable/social rent.
 - Acquisition and refurbishment by the RSL for affordable/social rent.
22. **Current position** – Calico will have purchased and renovated 12 properties by the end of this financial year. The programme target for purchase and renovations is 35. Nineteen properties have been identified for the Option 4 treatment via the private sector.
23. **Challenges** – one of the major stumbling blocks to this programme has been the refusal of the banking sector to sign off on the leases required for the 10 year option. Several properties are held up due to this. This has meant that the delivery options have had to be looked at and solutions found if possible.

One of the solutions is to use a 7 year lease instead of the ten and this is being put in to place currently. Another issue affecting delivery is that several of the properties don't meet the funding requirements set by the RSLs so will have to be sent down the Option 4 route for AAW Ltd to deliver.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

24. Burnley Borough Council will be the Accountable Body for the allocated funding and will be responsible for delivery of the scheme and reporting outputs to the funding body the HCA.

As previously stated all funding for this programme must be committed by the end of March 2014. Consequently the programme is heavily loaded in the last few months of the scheme. The General Vesting Declarations for the CPO properties must be effective to ensure monies are committed and schedules of work must be in place with contractors ready to start renovation works once properties vest to the Council.

POLICY IMPLICATIONS

25. Overall, the proposed action will help to achieve the Council's strategic plan of "People Places and Prosperity". The acquisition and renovation of the empty homes will enable the Council to assist in bringing them back into use, which will improve the environment for residents in the vicinity of the empty homes by reducing the potential for crime and anti-social behaviour.

26. In terms of Human rights Act implications, Government advice is that local authorities must strike a fair balance between the demands of the community and the need to protect individual's fundamental rights. In considering this balance, one of the issues that a court would look for is whether compensation will be payable. The level of compensation is of course negotiable between the Council and the property owner's Valuer. In addition, individual rights are protected by the statutory objection and inquiry procedure.

DETAILS OF CONSULTATION

27. Paul Gatrell (Head of Housing and Development Control), Mike Cook (Director of Economic Regeneration), and Councillor Howard Baker (Executive Member)

BACKGROUND PAPERS

FURTHER INFORMATION

PLEASE CONTACT:

ALSO: