



<b>DATE</b>	<b>3<sup>rd</sup> April 2012</b>
<b>PORTFOLIO</b>	<b>Housing and Development</b>
<b>REPORT AUTHOR</b>	<b>John Killion</b>
<b>TEL NO</b>	<b>3188</b>
<b>EMAIL</b>	<b>jkillion@burnley.gov.uk</b>

## The Vacant Property Initiative

### PURPOSE

1. To seek approval to make Compulsory Purchase Orders (CPOs) for long term vacant properties in the private sector.
2. To dispose of the properties in accordance with the Council’s Disposal of Empty Dwellings Policy, to a local Registered Providers or through the Linked Up scheme whichever method is more appropriate for that particular scheme.
3. To seek approval to use a portion of the Purchase Assistance Loans (PALs) budget to help first time buyers to acquire refurbished vacant properties.

### RECOMMENDATION

4. That the Executive approve in pursuance of the powers obtained under the Section 17 of the Housing Act 1985 (as amended) to make the following compulsory purchase orders for the purpose of renovation and/or re-sale by the most appropriate method:
  - The Burnley (50 Carter Street Burnley) Compulsory Purchase Order 2012
  - The Burnley (24 Swallow Park Burnley) Compulsory Purchase Order 2012
  - The Burnley (31 Nairne Street Burnley) Compulsory Purchase Order 2012
  - The Burnley (39 Nairne Street Burnley) Compulsory Purchase Order 2012
  - The Burnley (36 Elmwood Street Burnley) Compulsory Purchase Order 2012
  - The Burnley (302 Cog Lane Burnley) Compulsory Purchase Order 2012
  - The Burnley (266 Cog Lane Burnley) Compulsory Purchase Order 2012
  - The Burnley (42 Elmwood Street Burnley) Compulsory Purchase Order 2012
  - The Burnley (223 Cog Lane Burnley) Compulsory Purchase Order 2012

The Burnley (53 Nairne Street Burnley) Compulsory Purchase Order 2012

The Burnley (186 Cog Lane Burnley) Compulsory Purchase Order 2012

The Burnley (188 Cog Lane Burnley) Compulsory Purchase Order 2012

5. That the Head of Finance and Property Management be authorised to agree terms for acquisition of the properties in accordance with the terms of delegation and to re-sell the properties once renovated or prior to renovation in accordance with the Disposal of Empty Dwellings Policy or to a local Registered Provider through the Linked Up scheme.
6. That the Head of Finance and Property Consultancy be authorised to acquire the properties in this report by agreement as an alternative to compulsory purchase if terms can be agreed with the owners.
7. To authorise the Head of People, Law and Regulation to make minor amendments, modifications or deletions to the CPO schedule of interests and map, should this be necessary, and to finalise the making and submission of the CPO.
8. To authorise the Head of People, Law and Regulation to publicise and serve notice of making the CPO on the holders of all the property interests identified.
9. To authorise the Head of People, Law and Regulation to publicise and serve notice of making of the CPO, including promoting the Council's case at public inquiry, if necessary.
10. Subject to confirmation by the Secretary of State to authorise the Head of People, Law and Regulation to secure full title to and possession of the CPO land as appropriate by:
  - a. Serving notice of confirmation of the CPO on all interested parties;
  - b. Serving notice of intention to execute a General Vesting Declaration;
  - c. Executing the General Vesting Declaration;
  - d. Serving Notices to Treat and/or Entry as appropriate;
  - e. Acquiring land and interests and by agreement if possible.
11. That the Executive authorises the tendering of any renovation works in accordance with SOC 15 and 16 and delegates power to accept the tender to the Head of Housing and Development Control.
12. That the Executive approve the acquisition by agreement of the properties in this report prior to the CPO being made, should the owners contact the Council requesting this.
13. That the Executive approves that the proceeds from the sale of the properties is recycled back in to the Vacant Property Initiative for further acquisitions and renovations.

14. That the Executive approves the use £30,000 of the PALS budget to help first time buyers to acquire the refurbished vacant properties that are currently for sale on the open market.

## **REASONS FOR RECOMMENDATION**

15. The owners of these properties have been contacted on numerous occasions and some have either not responded at all or have not given reasonable proposals for renovating the properties or bringing them back into housing use. The properties continue to deteriorate and are having a negative impact on the surrounding areas.
16. The CPOs for sale prior to renovation to a Registered Provider will ensure that the properties are renovated to a high standard and used for social let at an affordable rent. The presence of a Registered Provider in the area will also improve the management of the neighbourhood. One of the properties, 50 Carter St, will be a VPI property and we are confident that we can achieve a reasonable quick re sale once renovated.
17. PALs would be restricted to the vacant properties for sale at around £50,000, allowing three (£10,000 per property) properties to be advertised for sale with the assistance of a PAL. This is based upon the maximum loan amount being 20% of the market value of the property. The use of PALs will incentivise the sale of those refurbished vacant properties that have been on the open market for prolonged periods of time. Advertising of the properties with a £10,000 PAL will make a more attractive purchase for a first time buyer.

## **SUMMARY OF KEY POINTS**

18. The Vacant Property Initiative (VPI) is an established project used to tackle long-term vacant properties. The initiative identifies properties in sustainable areas that have been vacant for a long period of time and which are causing problems for neighbouring properties and local residents.
19. This project has been identified as the most appropriate way of intervening to stabilise areas of the housing market that have suffered from long term empty properties by introducing owner occupiers to move into them. The option of 'doing nothing' or leaving the private sector to resolve the problem cannot be considered given the current economic climate and that there are approximately 56 properties empty for over ten years and approximately 560 empty for over two years.
20. This illustrates that without some intervention they will not be brought back in to use. Many of these properties have been found to be owned by absentee landlords or people that have bought the properties speculating on a rise in the market, leaving the properties empty or boarded with no intention of bringing them back in

to use. The consequences of this are increased instances of vandalism, arson, fly tipping and anti social behaviour.

21. To support the VPI, Burnley joined the other four local authorities across Pennine Lancashire, along with Calico Housing and the Together Group to obtain £4.8m from the Homes and Communities Agency (HCA) to bring back 474 empty homes in to use over the next 3 years. The Linked Up scheme is the name chosen for the Pennine Lancashire Partnership, through this partnership approximately 68 properties in Burnley will be brought back into use.
22. Linked Up will bring the 68 properties back into using a range of options from loans to acquisition and refurbishment. Calico Housing will bring forward an apprentice programme Constructing the Future Lancashire programme (CtFL) for the refurbishment work.
23. There are four options that will be used to bring the vacant properties back into use through the Linked Up programme. Of the 68 properties in Burnley, 35 will be acquired and refurbished for Calico to own and re-let for social, affordable rent.
  - Owner agreeing a lease arrangement for 5 years
  - Owner agreeing a lease arrangement for 10 years
  - Acquisition and refurbishment for social, affordable rent
  - Owner wishing to partake in the Private Sector Leasing Scheme
24. The properties identified in this report are the start of a pipeline of properties that have been identified to help us bring the 68 properties back into use over the next three years of the programme. Further reports to Executive will be needed to bring forward more properties.
25. The properties that have been identified as appropriate for the Linked Up scheme are 31 Nairne St (17.10.06), 39 Nairne St (15.11.06), 36 Elmwood St (31.1.07), 302 Cog Lane (22.7.07), 266 Cog Lane (30.5.07), 42 Elmwood (29.11.07), 223 Cog Lane (15.12.07), 53 Nairne St (27.2.08), 186 Cog Lane (14.5.09) and 188 Cog Lane (29.12.09) illustrating that without some form of intervention they will not be brought back in to use.
26. Some of the properties remain boarded and are in a deteriorating condition both internally and externally. Some of the properties are not boarded but are in a poor condition both internally and externally.
27. The owners of these properties have been contacted several times and to date no measures have been taken to bring the properties back into use. Some of the properties have been the cause of complaints from several residents.
28. In addition to the properties detailed in paragraph 20; 24 Swallow Park and 50 Carter Street will also be brought back into use.

29. 24 Swallow Park (vacant since 1.9.03), is located on an estate managed by Calico that has recently had works carried out through the CESP initiative. This property has not had these works carried out and is causing problems for neighbouring properties and is attracting vandals. This action will allow Calico to return the property to social housing use.
30. 50 Carter St (vacant since 1.4.00), will be addressed via the VPI programme. As can be seen, this property has been vacant for over a decade with little work done to bring it back in to use. We have had several complaints regarding the condition of the property over the years
31. The Statements of Reasons are available in the Members Room and are not attached to this report.
32. Negotiations for the acquisition of the properties have not yet commenced as no contact has been received from the owners. If the owners do contact the Council efforts will be made to purchase the properties by agreement.
33. Where owners contact us, we will work with them to reach an agreement for bringing the property back in to use. If agreement cannot be reached satisfactorily, we reserve the right to use CPO powers as a last resort.
34. If the owners do not come forward to receive their market value compensation, the General Vesting Declaration (GVD) procedure will be followed and payment will be made in to court. This will ensure allocated budgets are defrayed. After a period of 12 years has passed and no owner has come forward to claim payment, the council can request the money back from the Courts.
35. There is expected to be a capital receipt from the sale of these properties which will go back in to the VPI to address further vacant properties.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

36. All properties a part from 50 Carter Street will be acquired through the Linked Up Scheme, they will be in the Council's ownership briefly before being resold to the Registered Provider. Agreement to purchase the property will be gained from the Registered Provider prior to our acquisition so the risk to the council is minimal.
37. The capital expenditure for the acquisition and renovation of these properties will be funded through the Linked Up Scheme, which is administered by Rossendale Borough Council as the Lead Registered Provider.. Revenue costs such as staffing will be met from the Vacant Property Initiative.

38. Not all CPO costs may be recoverable, at this stage an exact figure cannot be determine as some properties may be bought by agreement. An estimated figure would be £2,000 per property. These costs would be met through the Vacant Property Initiative.
39. The capital expenditure of approximately £55,000 for the acquisition and renovation of 50 Carter Street will be met by the Vacant Property Initiative. Proceeds from the resale of 50 Carter Street will be recycled back into the Vacant Property Initiative.
40. That £30,000 of the Market Support budget within Housing is utilised to advertise and incentivise the sale of three of the refurbished vacant properties currently for sale on the open market.

#### **POLICY IMPLICATIONS**

41. Overall, the proposed action will help to achieve the Council's strategic plan of "People Places and Prosperity". The acquisition and renovation of the vacant properties will enable the Council to bring them back into use, which will improve the environment for residents in the vicinity of the vacant properties by reducing the potential for crime and anti-social behaviour.
42. 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**

#### **BACKGROUND PAPERS**

#### **FURTHER INFORMATION**

**PLEASE CONTACT: Clare Jackson**

**ALSO: John Killion**