

Committee: Community & Housing Committee

Agenda Item

Date: June 18, 2009

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Title: LONG TERM EMPTY HOMES

Author: Will Cockerell, Principal Environmental
Health Officer

Item for decision

Summary

- 1 There are a number of 'problematic' long term empty residential properties around the District and informal approaches to the owners have been unsuccessful in bringing these premises back into use. There are two formal routes which can be followed, compulsory purchase orders or empty dwelling management orders, but both have resource implications. This report discusses the options available and asks Members to recommend a way forward.

Recommendation

- 2 That a proposal be made to the Finance and Administration Committee to set up a pump priming capital fund of £25000 to enable the renovation of long term empty dwellings following the service of Empty Dwelling Management Orders.

Background Papers

None

Impact

Communication/Consultation	No
Community Safety	Empty Homes can attract antisocial behaviour
Equalities	No
Finance	A new capital programme scheme would be required financed by capital receipts or borrowing
Human Rights	Schedule 1 Part II Article 1 Human Rights Act 1998 provides that every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law. However it is permissible to enforce laws to control the use of property in accordance with the general interest. Bringing long term vacant

	properties back into use (whether by way of compulsory purchase or management order) would be compliant with this provision. The HRA generally requires public authorities to act proportionately. Where the aim of bringing a long term vacant property back into use could be achieved by a management order special justification would need to exist to proceed by way of a compulsory purchase order as the effect of such an order (permanent deprivation of property) is more draconian.
Legal implications	There are statutory procedures for both compulsory purchase orders and management orders with rights of appeal. There are also provisions dealing with the early termination of management orders in certain circumstances.
Sustainability	Long term empty dwellings represent a loss of housing accommodation to the wider community
Ward-specific impacts	All
Workforce/Workplace	No

Situation

- 3 The Council produced an Empty Homes Strategy which was approved by the Committee in March 2008; one of the main thrusts of the strategy was to introduce the owners of long term empty property to the PLACE scheme. This pilot scheme enables the owner to lease their property to a designated Housing Association for a period of 3 years and also enables the Housing Association to access Central Government funding to renovate the property to the Decent Homes Standard before letting the property to a nominated tenant, at the end of the lease the property is returned to the owner in good order.
- 4 There are a small number of 'problematic' long term empty homes, these are residential premises which have been empty for a considerable length of time and which because of their dilapidated appearance have been the subject of complaints by neighbours or local Members. The owners of these properties have been contacted a considerable number of times, have been advised about the PLACE scheme, and reminded about the Council's Empty Dwelling Management Order powers, but have not given any indication that they intend to bring their property back into use.
- 5 The EDMO powers would, if successfully approved by the Residential Property Tribunal, allow the Council to take over the management of the

property for a period of up to 7 years and rent the property to a family from the waiting list and recover our costs from the rental income, however in the case of the dwellings of current concern it would be necessary to carry out extensive renovation to put them in a condition suitable for letting and there would be no guarantee that the rental income would cover the renovation costs. If the rental income during the period of the management order does not cover the costs there are no provisions enabling the Council to recover any deficit from the owner. In the event that the rent does cover the costs of repairs and any management costs incurred by the Council the surplus together with interest is payable to the owner.

- 6 An alternative to the EDMO powers would be to apply for a compulsory purchase order to permanently take over the property and then to dispose of property on the open market. This can be a lengthy process and is likely to result in a public inquiry, but if successful the owner would receive the District Valuer's valuation of the property and the Council could then re-sell the property and try to recover its costs from the proceeds of the sale.
- 7 Both options would require the Council to provide the initial financial resources to either renovate the property or purchase it outright, and there are inherent risks that this might not be recovered from rental income or onward sale. The EDMO route has the advantage that the Council would have the benefit of allocating the tenancy for a period of time, usually 7 years, and consequently an extended period to recover its initial costs in renovating the premises. The CPO route would allow the Council to quickly sell the premises on the open market but even a run down dwelling is likely to be valued in excess of £75000 and that capital sum would need to be available in advance of any sale.
- 8 The Council receives an annual capital grant from Central Government for private sector stock improvements and other related activity. In the year 2008/09 this amounted to £74000 and in the current year is £42109, and has been used to finance the Uttlesford Home Renovation Assistance grant and to contribute to the shortfall in central funding for Disabled Facilities Grants. It does not seem likely that this capital grant would be under spent in future years so a new capital programme scheme would need to be set up financed by capital receipts or borrowing to fund the renovation of long term empty homes once an EDMO had been obtained. The proceeds from the nett rental income of these properties could be used to build up a fund to enable further properties to be renovated in a similar way.

Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
That no progress is made in bringing these problem properties back into use	2 No evidence of owners considering alternative courses of action	2 Some of these properties have a serious impact on the neighbourhood	Continue to use persuasion to bring long term empty property back in to use

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.