

THE EXECUTIVE

8 MARCH 2005

REPORT OF THE DIRECTOR OF HOUSING AND HEALTH

ACQUISITION PROGRAMME TO SUPPORT REGENERATION AND EMPTY HOMES INITIATIVES	FOR DECISION
<p><i>This report concerns the acquisition of property, which is a matter for the Executive to determine.</i></p>	
<p>Summary</p>	
<p>Authority is needed to purchase land and buildings when either there is no other way of improving it or bringing it back into use, if it is necessary for site assembly and/or the site represents a development opportunity for affordable housing or some other use which benefits the community. Most, if not all voluntary purchases will be by RSL's but part funded by the Council in return for 100% nomination rights.</p>	
<p>Recommendations</p>	
<p>The Executive is recommended to agree that:</p>	
<p>Subject to (a) consultation with the Director of Finance and the Solicitor to the Council and Monitoring Officer and with the approval of the Lead Member for Housing, Health and Adult Care, and (b) a maximum of 10 properties per year being financed from existing budgets, that the Director of Housing and Health, or his nominated officer, be authorised to</p>	
<ul style="list-style-type: none">(i) proceed with the identification, negotiation and purchase of properties for acquisition; and(ii) if appropriate, to delegate the negotiation and purchase of properties to recognised partner RSL's.	
<p>Reasons</p>	
<p>To assist the Council to achieve its Community Priorities of <i>"Improving Health, Housing and Social Care"</i>, <i>"Making Barking and Dagenham Cleaner, Greener and Safer"</i>, <i>"Raising General Pride in the Borough"</i> and <i>"Regenerating the Local Economy"</i>. The proposal will also support funding the future and Community First aims.</p>	
<p>Financial implications</p>	
<ul style="list-style-type: none">• Acquisitions will be paid for from the existing capital programme for private sector housing which is currently limited to a total of £1.6m per year for the next three years. This means that the theoretical maximum number of purchases can not exceed 10 properties.• The financial implications of each purchase will be decided on their merits on the basis that the Council will not face additional revenue costs in subsequent years.• Any purchase is a purely discretionary function and this programme need not conflict with other demands on the Capital budget for private sector housing.	

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1. Background

- 1.1 The Private Sector Housing Strategy was originally approved by the Executive on 15th April 2003 (Minute 396). Amendments were approved on 7th October 2003 (Minute 140). The financial assistance element was approved by the Executive on 26th October 2004 (Minute 168).
- 1.2 The strategy states that for vacant properties *“The Council will seek to work with owners, offering a wide range of assistance ... Where co-operation is unsuccessful, the Council will, in appropriate cases, use its legal powers. These include enforced sale under the Law of Property Act 1925 and Compulsory Purchase.”*
- 1.3 The Private Sector Housing Strategy also states that *“In appropriate cases of persistent and serious breaches of the law, the Council will consider the compulsory purchase of dwellings and their sale to other suitable landlords, including registered social landlords.”*
- 1.4 Barking and Dagenham is fortunate in having very few long term vacant private sector flats and houses. Some of them have been brought back into use by working with the owners. In 16 cases temporary social housing grant from the Housing Corporation was used as an inducement.
- 1.5 The first batch of properties has yet to be confirmed.
- 1.6 The regeneration work in the Home Improvement Zones (currently Broad Street and Fanshawe Avenue) often involves trying to improve difficult properties with complex problems which owners (if they can be identified) are unwilling or unable to resolve. Purchase of such properties may well be necessary in order both to resolve the problems and to make other improvements in the area possible and/or sustainable.
- 1.7 Across the borough there are numerous difficult sites which cause nuisance to neighbours and are the focus for various types of anti social behaviour. In some cases the most sustainable solution is to purchase the site as part of an improvement plan.
- 1.8 Where the purchase or development is by an RSL then the Council will receive 100% nomination rights. The Council will not pay 100% of the total costs, there will always be a contribution by the RSL which will be negotiated in each case along with rent levels.

2. Compulsory Purchase

- 2.1 If the owner is unwilling or unable to cooperate then in appropriate cases the matter will be reported to the Executive with a recommendation that the property concerned be the subject of a compulsory purchase order. This is a complex procedure and will be done in consultation with the Solicitor to the Council.
- 2.2 Appendix 1 describes when compulsory purchase will be recommended.

3. Use of the Property after Purchase

- 3.1 Most purchases will in fact be by RSL's using Council funding. In these cases the properties will be used for residential purposes with 100% nomination rights going to the Council. All of the targeted empty properties are two and three bedroom family houses.

4. Safeguards

- 4.1 Buying property always entails a degree of risk. We will reduce the risk by:
- Only purchasing property when there is no realistic alternative.
 - Wherever possible, using another agency to purchase the property
 - Consulting with valuers and other experts to ensure we have the best price and the best information.
 - Consulting with members and neighbours to ensure that we have the support of the community.
 - Having a detailed and costed plan in place prior to purchase.
 - Avoiding future revenue implications and consulting the Director of Finance where this is a possibility.
 - Only purchasing when we are certain that the result will be a worthwhile, long term and sustainable improvement.

5. Financial Implications

- 5.1 All purchases will be from the £1.6m which is currently allocated to private sector housing.
- 5.2 In cases where the property is to be used by an RSL it is most likely that the Council's costs will be treated as a grant in return for 100% nomination rights. The RSLs will be expected to use the Housing Corporation's financial appraisal model to work out the grant requirement. As such the RSL will be expected to contribute an element of private finance to meet the difference between the percentage of approved grant and total scheme costs. The Council will require details of the financial appraisal and supporting documentation such as valuation reports and works costs. The Council will also require any interest accrued on its contribution to be ring-fenced so that it can be used again in the Borough.

- 5.3 In the interests of ensuring that the rent levels are affordable the Council has the option to increase its contribution to bring the rent levels down. However, in any event the rents proposed by the RSL will not exceed Housing Corporation target rents.
- 5.4 There may be cases where the purchase may be of a valuable development site. In these cases negotiations beforehand will determine whether or not any money should be paid back to the Council.

6. Consultation

- 6.1 The following were consulted:

Finance Manager – Housing and Health Department
Head of Asset Management and Development
Head of Regeneration

The following Background Papers were used in preparation of the above report:

- Private Sector Housing Strategy
- Executive Report - 15 April 2003 (Minute 396)
- Executive Report - 7 October 2003 (Minute 140)
- Executive Report - 26 October 2004 (Minute 168)

WHEN COMPULSORY PURCHASE WILL BE RECOMMENDED

1. A property will only be recommended for compulsory purchase in the following circumstances.
 - 1.1. When it is substantially prejudicial to the health or safety of occupants, visitors or neighbours, and/or
 - 1.2. When it is substantially detrimental to the local amenity, and/or
 - 1.3. It presents a development opportunity which will benefit the community and
 - 1.4. There is no realistic expectation that the situation will be improved on a long term basis, or the development be undertaken by the current owner, and
 - 1.5. It is not possible to agree a voluntary sale with the owner.
 - 1.6. There is community support for compulsory purchase.

2. If the above criteria are met then the following tests have to be applied:-
 - 2.1. Is there a plan in place regarding the long term future of the property?
 - 2.2. Are the necessary resources available?
 - 2.3. Are the necessary partnerships in place?
 - 2.4. If there are long term revenue implications for the Council are there resources available?

The tests described in paragraph 2 will be answered in consultation with appropriate agencies including the Director of Finance, the head of Planning, the head of Regeneration and the Housing Corporation.