

REPORT FOR DECISION

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| Agenda Item | |
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| DECISION OF: | The Cabinet |
| DATE: | 3rd September 2014 |
| SUBJECT: | Empty property activity and Commuted Sums funding. |
| REPORT FROM: | Councillor Rishi Shori, Deputy Leader and Cabinet Member for Health and Well Being |
| CONTACT OFFICER: | Sharon Hanbury, Head of Urban Renewal |
| TYPE OF DECISION: | <i>CABINET</i> (KEY DECISION) |
| FREEDOM OF INFORMATION/STATUS: | This paper is within the public domain |
| SUMMARY: | <p>This report sets out the positive progress which has been made in relation to private sector empty property activity and the Radcliffe Empty property pilot.</p> <p>It describes the proposed approach going forward and seeks approval to extend the use of previously agreed commuted sums funding for empty properties beyond the Radcliffe pilot.</p> |
| OPTIONS & RECOMMENDED OPTION | <p>Option 1:</p> <p>To note progress made with the Radcliffe pilot and approve plans for extending work on empty properties to other parts of the Borough as outlined in Section 7.3 of the report.</p> <p>Option 2:</p> <p>To restrict action on empty properties to the Radcliffe pilot scheme</p> <p>Option 1 is the recommended option for the reasons set out in the report. Extending work to other parts of the Borough will enable external funding conditions to be met and optimise the use of Council resources already allocated to reduce the number of empty properties.</p> |

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| IMPLICATIONS: | |
| Corporate Framework: | Aims/Policy |
| Statement by the S151 Officer: Financial Implications and Risk Considerations: | Do the proposals accord with the Policy Framework? Yes The recommended option gives greater flexibility to the Council in terms of optimising external resources (HCA) and making best use of Council resources to ensure the maximum number of empty properties are brought back into use. |
| Statement by Executive Director of Resources: | |
| Equality/Diversity implications: | No (see paragraph 6.1 below) |
| Considered by Monitoring Officer: | Yes Monies secured for affordable housing through s.106 agreements/undertakings are held on trust by the Council and are ring-fenced for the particular purpose, which is governed by the agreements themselves. Any monies must be spent only in accordance with and contemplation of the terms of the agreements, otherwise the Council will be at risk of successful legal challenge. Case law also identifies that a Court will be reluctant to imply terms into s.106 agreements. Where there is any doubt or ambiguity whatsoever, legal advice should be sought. |
| Wards Affected: | All |
| Scrutiny Interest: | none |

TRACKING/PROCESS

DIRECTOR:

| Chief Executive/ Strategic Leadership Team | Cabinet Member/Chair | Ward Members | Partners |
|--------------------------------------------------|-------------------------|--------------|----------|
| CWB SMT 18/8/14 | 1.8.14 | n/a | |
| Scrutiny Committee | Committee | Council | |
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1.0 BACKGROUND

- 1.1 Private sector empty properties are a significant issue nationally and locally, creating negative impacts in areas and representing a wasted resource in the face of a shortage of high quality affordable and social housing.
- 1.2 The Council has taken a focussed approach in the last 2 years and initiatives such as the Radcliffe empty property project have contributed to reducing the number of long term empty properties in Bury by 450 during that period (table 615 – vacant dwellings by local authority district: England from 2004) <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>.
- 1.3 This report outlines the successes and significant outcomes achieved so far and sets out a way forward to maximise resources from existing Council budgets and external funding opportunities.

2.0 ISSUES

- 2.1 The Radcliffe pilot was established in response to growing concern with empty properties. Analysis had shown a concentration of empty properties in the Radcliffe area with particular clusters along major routes into the town. To address these issues a range of tools have been applied to the problem over the past two years including advice and information, selective enforcement, financial assistance and voluntary and compulsory acquisition with the express intent of bringing more premises back into use as affordable housing and reducing the negative impact such buildings have in the area.
- 2.2 To date, over half (57) of the 103 properties targeted have been brought back into use as follows:
 - 47 by the actions of the owners themselves – as a result of a combination of selective enforcement and persistent, strong and positive engagement by Urban Renewal
 - 6 as a result of low level financial assistance from the Council
 - 4 by Six Town Housing purchasing, improving and renting the property (through HCA funding)

A further 18 properties are going through a process to be brought back into use as follows:

 - The purchase of a further 4 properties by Six Town Housing has been agreed
 - 10 properties are under consideration for purchase
 - 4 properties are being taken through a Compulsory Purchase Order process by the Council
- 2.3 The properties purchased by Six Town Housing will be renovated and provided for affordable rent to customers on the Councils housing waiting list.
- 2.4 Appendix 1 provides examples of before and after photographs of some of the empty properties which have been dealt with, demonstrating the impacts which can be achieved.

- 2.5 Whilst Radcliffe exhibited a significant concentration of units, empty properties are an issue across the Borough. Some action has been taken by the Council's Joint Commissioning Partners on housing (with support from Homes and Communities Agency (HCA) funding) which has resulted so far in 11 properties being brought back into use.
- 2.6 The HCA are so impressed with our track record on this issue that additional funding has been offered to Bury to turn around more properties. The opportunity now exists to extend the learning to other parts of the Borough whilst maintaining the focus on Radcliffe for the duration of that project.

3.0 FUNDING

- 3.1 Tackling the empty property issue requires funding. Money is required to purchase empty properties where persuasion has not worked and it also underpins the use of compulsory purchase powers which may need to be exercised in more problematic cases. As the properties involved have been empty for some time, funding is also required to remedy the defects and bring the houses up to decent homes standard so that they can be let to people on the Council Housing register at affordable rent levels. Six Town Housing is the Councils' main delivery partner on this aspect, with one other housing association also delivering a small element of the programme.
- 3.2 Funding to address empty properties currently comes from four main sources:
- The reallocation of existing staffing resources within Urban Renewal to tackle this issue
 - £617,000 from accumulated Affordable Housing commuted sums. This is money received from housing developers in lieu of affordable housing on larger housing developments (as required by the Council's Affordable Housing Policy). This amount was allocated to the Radcliffe Pilot project by Cabinet in August 2012 and is sufficient to bring 30 properties back into use
 - An original funding level of £600,000 from the HCA, through their empty property programme, to enable 32 properties to be brought back into use.
 - Borrowing approval for Six Town Housing.
- 3.3 Success with the Radcliffe pilot has led to the HCA approaching the Council with an offer of a further £400,000 to increase our target by 20 properties. This approval however is subject to the properties being delivered by the end of 2014/15.

4.0 PROPOSALS

- 4.1 To achieve this target, and thereby increase the level of external investment in the Borough, an element of reprogramming will be required. In essence this means:
- The Radcliffe pilot will continue to be a priority.

- HCA funding will be used to acquire and improve properties in the Radcliffe pilot area (rather than the commuted sums as originally planned). With a number of properties already in the pipeline, this will be a quick win. Otherwise delivering an extra 20 properties without a head start is unlikely to be successful given the lead in time for acquisition and improvement.
- HCA funding will also be applied to eligible empty properties in other parts of the Borough if required to meet HCA targets by March 2015.
- Whilst Cabinet committed £617,000 of commuted sums to the Radcliffe pilot in August 2012, the additional HCA funding will allow most of these resources to be applied to empty properties in other parts of the Borough.

4.2 The cost to the Council of bringing more properties into use will be contained within the resources available (HCA funding and commuted sums monies).

5.0 RISK MANAGEMENT

5.1 The Council has a good track record in tackling empty properties. This is being rewarded by the HCA providing additional funding whilst our ability to deliver successful outcomes provides a degree of confidence that future targets will be met.

5.2 Turning round the additional properties required by the HCA will be a challenge but carries little risk. Accepting the challenge and falling significantly short of the HCA target would have some reputational damage but no financial consequences. However as further mitigation of the risk, the Council and its partners will seek to maintain capacity and keep up the pressure on property owners to maximise the extra grant money from the HCA. Failure to meet the targets will result in the funding being allocated to other authorities.

5.3 The HCA offer does provide positive opportunities in being able to spread the commuted sums available and enables the Council to tackle the negative impacts of empty properties and reduce their number across the Borough.

6.0 EQUALITY AND DIVERSITY

6.1 The Equality Analysis document relating to these proposals is attached, which indicates that there is no relevance to equality and diversity.

7.0 CONCLUSION AND RECOMMENDATIONS

7.1 The Council has had considerable success in tackling empty properties through the Radcliffe empty property pilot and on a borough wide basis. Current activity has been supported by commuted sums and HCA funding. Further funding from the HCA is now available to bring more properties back into use.

7.2 Due to our success and the extra money from the HCA, the opportunity exists to build on these successes in other parts of the Borough.

7.3 Cabinet is recommended to:

- Reinforce its commitment to the Radcliffe empty property pilot scheme
- Accept the stretch targets and associated funding from the HCA to increase the number of empty properties in Bury being brought back into use
- Agree to HCA funding being applied to the Radcliffe pilot and other eligible empty properties in order to secure the required number of affordable homes by the March 2015 deadline
- Authorise the Executive Director, Communities and Well Being to investigate the potential of extending the principles developed in the Radcliffe pilot to other townships
- Approve the use of the commuted sums, agreed by Cabinet in August 2012 to the value of £617,000, in other townships across the Borough, providing the reallocation of resources does not detrimentally affect the outcomes of the Radcliffe pilot

List of Background Papers:-

Equality Analysis

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APPENDIX

Radcliffe Empty Property Pilot Project - photographic case studies

206 Ainsworth Road (empty over 8 years) - before



206 Ainsworth Road - after



330 Bolton Road (empty for over 15 years – pre CT records began) – before



330 Bolton Road – after



20 Ulundi St (empty for 5 years) - before



20 Ulundi St - after

