

**North East Derbyshire District Council**

**Cabinet**

**1 August 2018**

**Create a programme of Purchasing Empty Properties using 1-4-1 Right to Buy Receipts.**

**Report of Councillor E A Hill, Deputy Leader and Portfolio Holder for Housing Strategy**

This report is public

**Purpose of the Report**

- To implement an empty properties purchase and repair scheme utilising 1-4-1 Right to Buy (RTB) receipts to fund 30% of the purchase and repair. The properties will be either added to the Council's stock for use as social housing or leased to a Registered Provider (RP) as supported housing and help reduce the number of empty properties in the District.

**1 Report Details**

- 1.1 There are approximately 400 long term private sector empty properties in the District at any one time, of which approximately 190 have been empty for more than 2 years. The Council are committed to helping owners bring their empty properties back into use and a number of initiatives have been launched over the last 2 years, including an online property matching service to facilitate the sale and letting of properties and a Private Sector Leasing (PSL) scheme with Action Housing.
- 1.2 The Empty Property Officer has written to all of the owners of empty properties in the District and has identified that approximately 50 owners would be willing to sell their empty property to the Council. Currently, there are 9 properties that have been identified as potentially suitable for purchase; these are located in areas where there is a need for social housing and are within a close proximity to existing Council properties.
- 1.3 The properties would be purchased at market value (based on its current condition) after the Property and Estates Team carry out a valuation. The Council can fund 30% of the purchase of the property plus the cost of any necessary repairs needed to bring the property up to the Rykneld voids standard using 1-4-1 RTB receipts. This is illustrated as follows:

Property Cost (to purchase)	<b>£100k</b>
Cost to lettable standard (typically based on RHL void experience)	<b>£8k</b>
Total Cost (including cost and to lettable standard)	<b>£108k</b>
1-4-1 available (based on 30% total cost)	<b>£32.4k</b>
Cost to the council (minus 1-4-1 contribution)	<b>£75.6k</b>

- 1.4 The money to fund the remaining 70% has been approved as part of the stock purchase scheme within the Council's current Capital Programme.
- 1.5 Once purchased, the properties could be offered to Rykneld Homes to be managed as part of its existing management agreement with the Council or they could be leased to another Registered Provider through a PSL scheme.
- 1.6 If the properties are leased to a Registered Provider it could be stipulated that the properties are used to support the Housing Options Team. With the introduction of the Homelessness Reduction Act, the Council now has duties to provide more support. The support providers have advised that there is a lack of suitable accommodation available to these disenfranchised people and this could help resolve that.
- 1.7 PSL schemes provide a revenue stream for the properties leased whether occupied or not and the registered provider is responsible for all management and maintenance. Income is typically lower than that received should the Council let the property but when taking account of void losses and repair costs is generally comparable. Should this option be explored further then this would need to be considered.
- 1.8 During the length of any PSL arrangement, the property would be exempt from Right to Buy so would have the benefit of staying as social housing.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 Using the 1-4-1 RTB receipts to purchase empty properties will bring much needed social housing into the District, at a time when there is an increasing demand and stock is reducing through tenants exercising their Right to Buy.
- 2.2 The empty property programme will also help to reduce the number of long term empty properties in the district which will have financial and environmental benefits.
- 2.3 The empty property programme could also help the Council with its legal responsibilities to prevent homelessness and support those traditionally hard to reach groups.

### **3 Consultation and Equality Impact**

3.1 Consultation has been carried out with the following:

- Niall Clark (Director of Property Services and Regeneration RHL)
- Geoff Bagnall (Head of Finance RHL)
- Karen Hanson (Joint Strategic Director)
- Allison Westray-Chapman (Joint Head of Service Economic Development)
- Dawn Clarke (Joint Head of Service Finance & Resources)
- Cllr. Elizabeth Hill Deputy leader and Portfolio Holder for Housing Strategy

3.2 A joint Equalities Impact Assessment will be completed in line with the corporate policy.

### **4 Alternative Options and Reasons for Rejection**

4.1 To continue to use partners to bring forward empty properties but this has not yet been successful in achieving the corporate target.

4.2 To not implement an empty property programme and therefore not utilise the 1-4-1 RTB receipts. Due to the volume of 1-4-1 RTB receipts being generated and the difficulty in utilising them to not implement this scheme further increases the risk of the receipt having to be returned to the Government with interest.

### **5 Implications**

#### **5.1 Finance and Risk Implications**

5.1.1 By purchasing and returning long term empty properties to economic use, the Council will utilise 1-4-1 RTB receipts, helping reduce the risk of returning them to the Government, with interest. Bringing empty properties back into use will also generate additional New Homes Bonus grant.

5.1.2 The empty properties scheme is to be funded from the existing stock purchase programme that was approved as part of the Capital Programme in the Medium Term Financial Plan (February 2017) .

5.1.3 Any extension to this scheme will require additional funding so will be brought back to Cabinet for further consideration in the future.

#### **5.2 Legal Implications including Data Protection**

5.2.1 The legal implications are contained within this report.

#### **5.3 Human Resources Implications**

5.3.1 Various departments within the Council will be involved with the purchasing process, however due to the relatively small number of properties, it is not expected that this will have a major impact on Officer's workloads. Continuous monitoring of workloads will help to identify any issues and whether extra resource is needed.

## 6 Recommendations

- 6.1 That Cabinet agree to implement an Empty Property Scheme utilising 1-4-1 RTB Receipts, as part of the Stock Purchase Programme approved in the current Capital Programme.

## 7 Decision Information

<p><b>Is the decision a Key Decision?</b>  A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <i>BDC: Revenue - £75,000</i> <input type="checkbox"/>  <i>Capital - £150,000</i> <input type="checkbox"/>  <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/>  <i>Capital - £250,000</i> <input type="checkbox"/>  <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p><b>Is the decision subject to Call-In?</b>  (Only Key Decisions are subject to Call-In)</p>	No
<p><b>Has the relevant Portfolio Holder been informed</b></p>	Yes
<p><b>District Wards Affected</b></p>	All
<p><b>Links to Corporate Plan priorities or Policy Framework</b></p>	All

## 8 Document Information

Appendix No	Title
<p><b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
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