

## Report of Ben Walsh

### Report to Environment and Housing Decision Panel

**Date: 15/09/2014**

**Subject: Purchase of a Former Right to Buy Property as Part of the HCA Empty Homes Programme – Owlcotes Terrace, Pudsey, LS28 7PF**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Pudsey	<input checked="" type="checkbox"/> Yes
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4(3) Appendix number: Appendix 1 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council	<input checked="" type="checkbox"/> No

### Summary of main issues

In June 2013 the Homes and Communities Agency (HCA) confirmed the allocation of £440k resources to Leeds City Council to deliver the HCA Empty Homes Programme. The overall programme of £2,253k will be delivered with a mixture of HCA and Housing Revenue Account (HRA) resources. The programme includes 2 main elements - firstly, to buy 20 private properties which have been void for more than 6 months with a view to refurbishing them for letting as Council Housing, and secondly, to convert 2 empty community centres back into housing to let as Council Housing.

Since notification of the successful bid, Housing Leeds and City Development have worked closely to identify suitable properties to buy as part of the Empty Homes Programme, and to develop plans for the conversion of the community centres into residential use.

A number of private empty properties are currently being valued for purchase as part of the programme. For the property detailed in this report, a provisional offer has been made to the owner, which has been accepted. We therefore now wish to proceed with purchasing the property.

### Recommendations

The Director of Environment and Housing is recommended to approve the following;

- The purchase of a property in Owlcotes Terrace, Pudsey, LS28 7PF, completion of refurbishment works and then let as council housing.

## **1 Purpose of this report**

- 1.1 The report provides an outline of the approach to identifying suitable properties for purchase as part of the HCA Empty Homes Programme, and demonstrates how the purchase of the identified property in this report meets the overall approach.
- 1.2 The report seeks approval to proceed with the purchase of a property in Owlcotes Terrace, Pudsey, LS28 7PF as part of the programme to let as council housing.

## **2 Background information**

- 2.3 The HCA 'Bringing Empty Homes Back into Use as Affordable Housing' funding has been made available as part of the government's priority to bring empty homes back into use. The programme also supports the City Priority Plan to increase the number of long term empty properties brought back into use. A requirement of the HCA funding is that properties have been empty for more than 6 months, that properties are refurbished to the HCA's Rehabilitation Standard and must be let as affordable housing. Existing social housing is not eligible for the funding.
- 2.4 An average of £100k per property is available as part of the programme to cover the costs of purchasing and refurbishing private empty properties as part of the programme. The programme is funded from the HCA grant funding and the HRA.
- 2.5 Based on the HCA criteria Housing Leeds considered which empty property types should be prioritised for purchase. It was decided that properties would only be considered as part of the programme which had been former Right to Buys, in order to consolidate the stock portfolio, and to focus on empty properties on existing Council estates which are blighting communities. The following categories of properties were identified as a priority for purchase:
- Properties which were built as Council Housing (post 1919), and located in areas where there is a significant presence of housing still within Council ownership.
  - Properties which are causing blight to the neighbourhood / management problems.
  - Properties in the areas of high demand.
  - 1 and 2 bed properties.
  - Flats within blocks.
- 2.6 It is proposed that the following former Right to Buys are not prioritised for inclusion:

- Properties in locations where the property value and refurbishment costs are estimated to be significantly above £100k, particularly some of the outer north areas of the city, as the purchase costs could jeopardise the viability of the programme.
- Some non-traditional housing may not be prioritised due to the extent of the investment need.

2.5 Over the last few months Housing Leeds has been working together to identify properties which have been empty for more than 6 months and meet the above criteria. The owners of the properties have been contacted to establish if they would be willing to sell the property to the local authority. Where the owner has indicated that they are willing to sell the property, a valuation and stock condition survey has been undertaken, and a value for money assessment undertaken to identify whether the property represents value for money.

2.7 The Empty Homes Project Group has been established to co-ordinate the delivery of the programme. All decisions to proceed with a valuation and purchase are made collectively by the Empty Homes Project Group based on clear evidence.

### **3 Main issues**

3.1 A number of properties have now been valued and considered for purchase as part of the scheme. For a property where a provisional offer made, the owner has accepted the offer and so we are now seeking authority to proceed with the purchase of the properties. Details of the property and how it meets the agreed priorities are outlined below.

#### **3.2 Owlcotes Terrace, Pudsey, LS28 7PF**

The property is a 2 bedroom; terraced house built in 1944 and has been empty since 26/06/2013. Similar properties in the same lettings area advertised through Choice Based Lettings received an average of 56 bids.

3.3 The property will be refurbished/converted to the HCA's Rehabilitation Standard, which requires properties to achieve a minimum size and layout and a minimum level of sustainability. All properties will be let as secure tenancies on a social rent.

3.4 The terms for the acquisition are detailed in the attached confidential appendix.

### **4 Corporate Considerations**

#### **4.1 Consultation and Engagement**

4.1.1 There has been consultation with the Private Sector Housing Team, Housing Leeds' Housing Management and Housing Leeds' Property and Contracts divisions and they fully support the purchase of the property and the conversion plans.

4.1.2 Ward members have been consulted and support the proposal.

## **4.2 Equality and Diversity / Cohesion and Integration.**

- 4.2.1 An equality, diversity cohesion and integration screening exercise has been carried out. This has confirmed that equality, diversity, cohesion and integration considerations have been effectively considered in relation to this proposal and that a full impact assessment was not required.

## **4.3 Council policies and City Priorities**

- 4.3.1 The purchase of the properties to relet as affordable housing supports the City Priority 'Best City to Live' to increase the number of long term empty properties brought back into use.

## **4.4 Resources and value for money**

- 4.4.1 A Value for Money Assessment has been undertaken for the property. Taking into account the works required prior to letting and the long term investment costs, the return on the investment will be after 20 years. This therefore represents value for money.
- 4.4.2 The property will be charged at a social rent rather than an affordable rent. This is because the property is within an area of existing Council Housing charged at a social rent, and so to charge at an affordable rent would mean that tenants would be charged significantly different rents for adjoining properties. The HCA are supportive of this approach.

## **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The Council's Legal Services will undertake all conveyancing works relating to the purchase of the property, with the costs being chargeable to the programme.
- 4.5.2 The information contained in the Appendix attached to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the acquisition of the property then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective vendors of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

## **4.6 Risk Management**

- 4.6.1 While the property has been surveyed to assess its condition prior to purchase, there is a risk that unforeseen works are required to the property which weren't identified within the stock condition survey. A 10% contingency of the total purchase price and cost of refurbishment works has been included within the budget and Value for Money assessment in order to cover any unforeseen works required to the property prior to letting.

## **5 Conclusions**

- 5.1 The repurchase and refurbishment of this long term empty dwelling represent value for money and would be an enhancement to the Housing Leeds portfolio.

## **6 Recommendations**

- 6.1 The Director of Environment and Housing is recommended to approve the following;

- The purchase of a property in Owlcotes Terrace, Pudsey, LS28 7PF and completion of refurbishment works and then let as council housing.
- **Background documents**<sup>1</sup>

None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.