

## **APPENDIX 6**

### **DISPOSAL OF LONG TERM EMPTY PRIVATE SECTOR PROPERTIES**

#### **1.0 INTRODUCTION**

- 1.1 As part of the Council's Empty Property Strategy long term private sector empty properties may become owned by the authority via compulsory purchase action or by agreement. The purpose of this document is to clarify roles and responsibilities within the acquisition and disposal process to ensure as far as reasonably practical that identified properties are brought back into use with the minimum of delay.

#### **2.0 BACKGROUND**

- 2.1 In the recent past the Council has not been actively pursuing compulsory purchase orders (CPO) or acquisitions by agreement of long term empty properties. However, in the last 2/3 years some long term private sector properties have been acquired through a CPO and more have been selected for similar action.
- 2.2 In West Yorkshire a project, known as Recycling Empties has been set up in partnership with the 5 Local Authorities within the area to pool best practice and finances to deal more effectively with the long term private sector void problem. In 2008/11 the total available budget for the project is £1.15m.
- 2.3 The project involves the purchase of long term empty properties and their subsequent sales with funding being available to cover net costs. In this way money can be re-cycled to allow further suitable properties to be targeted.
- 2.4 At present in Leeds there is no agreed procedure for this process and the purpose of this document is to set out a procedure for agreement by the three service areas directly involved in this project.

#### **3.0 ROLES AND RESPONSIBILITIES**

- 3.1 The project involves the following three service areas:
- Housing Partnerships in Environment and Housing

- Acquisitions and Disposal Team in City Development and
- Property and Finance Legal Team in Corporate Governance.

3.2 Each service area will have defined roles and responsibilities in the procedure as follows:

### **Environment and Housing**

- will Identify and lead on the targeting of suitable properties. If a CPO is subsequently required it will act as the lead service to obtain the CPO
- it will seek funding for properties identified for acquisition via the Environment and Housing capital programme
- it will seek funding approvals from the West Yorkshire recycling empties project
- it will be responsible for the cost of purchase, fees and any future liabilities connected with any property acquired even where the proceeds of sale do not cover the Council's costs
- it will be responsible for the management of the properties acquired whilst in Council ownership
- it will monitor the property before and after its subsequent sale to ensure it is secure and any new owner carries out works to allow its return to occupation as soon as reasonably practicable and in accordance with any agreed conditions of sale
- it will fund the re-purchase of any property where the owner has not complied with the terms of sale.

### **Acquisitions and Disposals Team, City Development**

- will provide initial market valuation advice as part of the CPO process and undertake negotiated sales as and when appropriate.
- have the authority to agree the terms of acquisition by agreement
- negotiate and settle compensation claims in the event of an acquisition by CPO
- deal, as appropriate with any reference to the Lands Tribunal in the event of disputed compensation

- arrange for the subsequent sale when in Council ownership by the method agreed by the three Service Areas

### **Property and Finance Legal Team, Corporate Governance**

- will provide legal advice regarding acquisitions and disposals, especially in relation to section 32 of the Housing Act 1985, General Consents
- deal with the subsequent payment of compensation and transfer documentation
- provide legal support for the purchase and disposal of properties as required
- deal with all CPO documentation

## **4.0 PRINCIPLES OF DISPOSAL**

4.1 The overriding aim of the project is the return of a long term empty property back into occupation with the minimum of delay, ensuring as far as reasonably practical that the new owner will arrange this as soon as possible. Initially all properties will be offered to Registered Providers, subject to properties not being required for rehousing as part of an existing regeneration scheme. If expressions of interest are received from the Registered Providers (RP) then this will be the preferred disposal mechanism. If no expression of interest is received from any RP then each property will be disposed of via the Option Matrix.

4.2 Each property will then be considered on its merits with issues to consider including

- the condition of the property
- the local housing market
- any prior expressions of interest
- the extent to which the disposal is likely to achieve a sale at market value, subject to any conditions which will encourage re-use as soon as practicable
- audit trails established to protect against any future ownership claims

- compliance with section 32 of the Housing Act 1985 where appropriate
- LCC Finance Regulations

## **5.0 MECHANISM FOR DISPOSAL**

- 5.1 As part of the process the agreement to spend should be in place prior to any acquisition. This is the responsibility of Housing Partnerships.
- 5.2 When it becomes clear that the ownership of a private property is to become vested in the Council or transferred to the Council by agreement consideration will initially be given as to its potential for sale and rehousing to assist existing acquisition and disposal schemes in the area. This option will be considered by Housing Partnerships and Development as part of the overall regeneration scheme for the area. If appropriate then Development will negotiate the sale with the owner as part of their role in the regeneration scheme.
- 5.3 The Council ALMO will be offered the opportunity to purchase the property. Should they decide not to take up such offer then all other RP's will be offered the opportunity to purchase the property. All RP's will be invited in writing to express an interest in purchasing the property within 2 months, on the understanding that LCC would wish to dispose of the property to them within 3 months of it being vested in our ownership. An indicative value and estimated cost of repair will be provided as part of the invitation. If more than one RP expresses an interest then sealed bids would be used to determine its sale. Once an RP has been identified then Development will negotiate the sale via existing processes.
- 5.4 A meeting will be convened at the first available opportunity between representatives of Housing Partnerships, City Development and Legal to decide on the most appropriate disposal mechanism should no RP wish to consider purchase of the property. This meeting will be arranged and chaired by Housing Partnerships.
- 5.5 The options to be considered for the subsequent sale of any particular property will include the following as per the Option Matrix.
- auction (with or without conditions)
  - sale by private treaty (with or without conditions) on the open market
  - one to one disposal

- 5.6 City Development will seek to dispose of any property acquired as soon as practicable via the agreed mechanism as per existing processes with support from legal services once the disposal mechanism has been agreed.
- 5.7 Should any property offered for sale on the open market fail to sell, consideration will be given to bringing the property into Local Authority stock.

## **6.0 POST DISPOSAL**

- 6.1 On completion of a sale, all fees, marketing costs, etc will be met from the proceeds of sale with the balance, if any, credited to the WY Recycling Empties monies pot.
- 6.2 All properties sold by the Council will be monitored by Housing Partnerships. In particular Housing Partnerships will monitor the compliance with any conditions of sale.
- 6.3 If an owner fails to bring a particular property back into use then the three Service Areas will reconvene to agree what, if any, remedial action should be taken and whether it is appropriate to seek authority to exercise any right of re-purchase Housing Partnerships will arrange the meeting