

Report of Richard Marshall

Report to Resources and Housing Decision Panel

Date: 20 June 2017

Subject: Purchase of a Former Right to Buy Property as Part of the Empty Homes Programme – 3 Denbigh Heights LS9 6RL

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Gipton and Harehills	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:	10.4(3)	
<p>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. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.</p>		

Summary of main issues

The Council House Growth programme includes an allocation of £9m for the Empty Homes Buy Back project that will run until April 2018. The budget is made up of £1.836 m from the Homes and Communities Agency (HCA) and £7.164m from Housing Revenue Account (HRA) capital resources. The programme also includes an allocation of £2million combining £1.4million of HRA capital resources and £0.6million of Right to Buy (RTB) receipts.

The project will deliver a programme to bring 100 empty properties back into use across the city. There will, also, be at least a further 10 properties utilising RTB receipts as part of the Governments one for one replacements in the reinvigorated RTB process.

Since the programme began, Housing Leeds and the Private Sector Housing team have worked closely to identify suitable properties to buy. These are properties that have been empty for at least six months and will initially concentrate on those that were formally purpose built Council homes.

Recommendations

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

- As part of the HCA empty homes scheme, the purchase and refurbishment of 3 Denbigh Heights LS9 6RL to be let as a council home to an applicant on the Leeds Homes Register.

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 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 insert address as part of the programme to let as council housing.

2 Background information

- 2.1 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.
- 2.2 For this project an average of £90,000 per property is available to purchase 100 properties by April 2018. This will cover the costs of purchasing and refurbishing privately owned homes that have been empty for longer than six months. The budget for the scheme is made up of £7.164m from HRA capital funds and £1.836m from the HCA.
- 2.3 The Governments reinvigorated RTB scheme, introduced in 2012, committed to replace all social homes sold through the scheme on a one to one basis. The commitment meant the return of a proportion of the RTB receipts from sales to councils that could utilise their own HRA account to fund new homes, which includes the purchase of long term empty properties. The Council has approved a budget of £2million - £1.4million HRA capital funds and £0.6million RTB receipts - to purchase properties under the Repurchase Policy.
- 2.4 Based on the HCA criteria Housing Leeds considered which empty property types should be prioritised for purchase. It was decided to initially consider purpose built former Council homes, 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, 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.

2.5 It is proposed that the following former Right to Buys are not prioritised for inclusion:

- Properties that were not purpose built Council homes – such as back to back terrace homes;
- High cost properties that might jeopardise the financial viability of the scheme; and
- Some non-traditional housing might not be considered depending on the extent of the long term investment required.

2.5 Since April 2015 Housing Leeds officers have been identifying purpose built former Council homes, which have been empty for more than six months and meet the above criteria. The owners of the properties have been contacted and informed of the project. If an owner indicates a willingness to sell to the Council a valuation and stock condition survey is undertaken and a value for money assessment carried out. These checks identify whether the property meets the budget requirements of the scheme.

2.6 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.

3.2 Details of the property and how it meets the agreed priorities are outlined below.

Address	Type	Ward	Empty since	CBL bids for similar properties
3 Denbigh Heights LS9 6RL	2 bed msf	Gipton and Harehills	4 June 2016	21

3.3 The property will be refurbished to the Council's letting standard. The property will be let as either a Secure or Introductory Tenancy 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 they support the purchase of the property.

4.1.2 Ward members have been consulted about the purchase and have raised no objections.

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 The purchase price, cost of refurbishment and return on the capital investment are shown in Appendix 1. The overall cost of the property fits within the budget of the project and the repayment period for the investment represents value for money.

4.4.2 Properties bought in the scheme will be charged at a social rent where they are within areas of existing Council Housing. This will avoid a situation where tenants living in adjoining properties are being charged significantly different rents. The HCA are supportive of this approach.

4.4.3 Properties bought utilising RTB receipts will be subject to a 3% charge under the Governments Stamp Duty Land Tax for the purchase of second and all subsequent homes.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Council is in contract with Optima Legal for the duration of the project. Optima will carry out conveyancing works relating to the purchase, with the costs being chargeable to the programme. Authorised officers from the Council's Legal Services team will sign and seal the contract prior to completion.

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 it which weren't identified during the stock condition survey. A 10% contingency of the 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 Resources and Housing is recommended to approve the following;
- As part of the HCA empty homes scheme, the purchase and refurbishment of 3 Denbigh Heights LS9 6RL to be let as a council home to an applicant on the Leeds Homes Register.
 - **Background documents¹**

None

¹ 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.