

**Report of Richard Marshall**

**Report to the Director of Resources and Housing**

**Date: April 2018**

**Subject: POST COMPULSORY PURCHASE ACTION - TRANSFER OF 9 LEA FARM CRESCENT LS5 3QQ INTO THE HOUSING LEEDS PROPERTY PORTFOLIO.**

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Kirkstall	
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:		
Appendix number:		

**Summary of main issues**

The Council House Growth programme includes an allocation of £2m for the purchase of former Council homes and homes helping to regenerate areas. The budget is made up of £1.4 m from the Housing Revenue Account (HRA) capital resources and £600,000 from Right to Buy (RTB) receipts.

9 Lea Farm Crescent has been empty for over 21 years and has fallen into a very poor condition resulting in the application for a Compulsory Purchase Order (CPO) by the Council. The CPO has subsequently been confirmed and implemented and the property vested in the Council's ownership and control with effect from 17 January 2018. To help regenerate the area it is proposed that the property will be transferred to HRA control to refurbish and use as part of the Councils housing stock. The CPO costs will be covered by the HRA using RTB receipts.

**Recommendation**

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

The transfer of 9 Lea Farm Crescent into the housing stock and secure its refurbishment to meet the Council's letting standard. Also, that the HRA funds the cost of the CPO including maximisation of the RTB receipts.

Subject to a claim by the owner(s) under the provisions of Housing Act 1985 the cost of any compensation and associated costs be made available from the Housing Revenue Account to settle any claim against the Council.

## **1 Purpose of this report**

- 1.1 The report provides the background to the Council pursuing a CPO on 9 Lea Farm Crescent. It will also demonstrate that refurbishing it for use as part of the housing stock will contribute to the Council's aim to provide good quality low cost housing for families in the city.
- 1.2 The report seeks approval to proceed with the transfer and refurbishment of 9 Lea Farm Crescent as part of the Council Housing Growth programme to let as council housing.

## **2 Background information**

- 2.1 Using the retained Right to Buy receipts, The Council can retain a proportion of the RTB receipts for each sold home to pay 30% of the scheme costs for a one to one replacement of affordable housing in the council area.
- 2.2 9 Lea Farm Crescent presents an opportunity to add to the Council's stock, convert RTB receipts into a Council home and help reduce the number of empty properties in the city. It has been vacant since February 1997 and has fallen into a state of disrepair that will require an estimated £50,000 to bring it to a habitable standard.
- 2.3 Due to the length of time it has been vacant, the nuisance being caused by its continued lack of occupation and because it was considered that it will not be brought back into use without action from the Council, the CPO process has been followed by officers – see report by the Head of Housing Partnerships for a Delegated Decision by the Director of Environment and Housing in March 2016. The property has come into the Council's control on 17 January 2018.
- 2.4 Now the property is in the Council's control and to recoup the purchase costs the property would generally be disposed of through auction or sale on the open market. But there is an opportunity for the Council to purchase it through HRA funding the cost of the CPO including maximisation of the RTB receipts and use as part of the housing stock to let at a social rent.

## **3 Main issues**

- 3.1 The report of March 2016 stated that the purchase price for the property was £122,000 and the estimated refurbishment cost were £28,000. As the valuations and refurbishment costs were undertaken over 2 years ago, up to date valuations and refurbishment costs that reflect the council's letting standard have been sourced. These reflect an increase in the valuation to £140,000 and an estimated £50,000 for refurbishment. RTB receipts can also be used against the legal and admin cost of the CPO, which is approximately 20% of the purchase price or £38,000. Therefore, RTB receipts at 30% can be charged against the overall cost for the property of £228,000.

- 3.2 The property detailed in this report has been valued and an estimate of refurbishment costs provided by the Property and Contracts Division.
- 3.3 Details of the property and how it meets the agreed priorities are outlined below.

Address	Type	CBL bids for similar properties
9 Lea Farm Crescent LS5 3QQ	3 bed house	151

- 3.4 The property will be refurbished to the Council's letting standard and let as either a Secure or Introductory Tenancy on a social rent.

## 4 Corporate Considerations

### 4.1 Consultation and Engagement

- 4.1.1 Housing Leeds Housing Management officers have identified the property as meeting strategic needs of the Council.
- 4.1.2 Ward Members have been consulted about the property 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 high quality affordable homes in the city .

### 4.4 Resources and value for money

- 4.4.1 The return on the initial capital investment will be in over 30 years at a social rent level to break even.
- 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.
- 4.4.3 Properties bought under this scheme 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 There are no legal implications for the purchase of this property. The decision is not subject to call in.

## **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 Value for Money assessment in order to cover any unforeseen works required to the property prior to letting.

## **5 Conclusions**

5.1 The transfer of this property into the housing stock represents 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;

- The transfer of 9 Lea Farm Crescent into the housing stock and secure its refurbishment to meet the Council's letting standard. Also, that the HRA funds the cost of the CPO including maximisation of the RTB receipts.
- Subject to a claim by the owner(s) under the provisions of Housing Act 1985 the cost of any compensation and associated costs be made available from the Housing Revenue Account to settle any claim against the Council.

### **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.