

**SUBJECT:** To review the reason for the number of boarded up houses in the Borough and possible future course of action to bring them back into use.

**Report to:** Scrutiny Committee 31<sup>st</sup> October 2013

**Report by:** Tracey Slater - Service Unit Manager (Housing Strategy and Housing Options)

## **1.0 Background**

For the purpose of this report I will take boarded up houses to be those that we would consider to be empty. To my knowledge and the knowledge of colleagues working in Environmental Health, Planning Enforcement and Building Control the number of empty homes actually boarded up are few and far between. At the current time there does not appear to be any hotspots for boarded up properties in the Borough.

It is something that as a Local Authority we would do as a last resort should the owner not be in a position to secure the property themselves. If this did become necessary, works would need to be carried out at the Council's expense. We would then look to recover the costs from the owner, often necessitating a charge being put on the property until it is sold. On average action is normally taken by the Council to board-up 5-6 properties per year.

For a number of years the Borough has had a multi-agency Joint Enforcement Group consisting of Council Officers, the Police and the Fire Authority. It meets on a quarterly basis to discuss properties known to a number of different departments/agencies where, by joint working a solution can be sought. It is likely that the properties discussed could be boarded up or empty.

In February 2012 a business case was made for an Empty Homes Project and initial capital funding of £250,000 was given to target empty properties that had been identified as pilots for the scheme. An Empty Homes Project Board consisting of Members and Officers was established to look at these potential opportunities.

See Appendix 1 for full details of business case made.

It also became possible for us to utilise funding made available by the Homes and Communities Agency (HCA) in late 2012 to bring additional empty homes back into use. Once purchased and improved, it would be our intention to let via our Housing Options service to local households.

See Appendix 2 for Cabinet report on this opportunity

## **2.0 Work to date.**

Since January 2013 the owners of 860 empty properties have been written to with details of the different schemes that we have to assist them bring their empty property back into use. 406 of these have now been brought back into use either through intervention from GYBC or through natural progression.

To-date one boarded-up property on Hall Quay in the Council's ownership has been converted into three units which, we are due to start using as temporary accommodation for homeless families in the next month. Another boarded up property at 124/125 Nelson Road Central has been successfully purchased and is currently awaiting planning permission to be converted into 5 flats which, will also be used as temporary accommodation for homeless families when completed.

All monies that have been allocated on this project have now been spent and it would be our intention to bid for additional capital funding for 2014/15 to continue this work.

Work to identify suitable empty properties for the HCA funding has complemented the Council's Empty Property Project and we are currently proceeding with the purchase of 3 two-bedroom properties and another four properties which are subject to Compulsory Purchase Orders. These properties are more likely to be those seen to be boarded up.

### **3.0 Future course of action.**

Work will continue in the identification of empty properties and making contact with the owners to encourage them to bring their property back into use.

However, it is worth noting that the property market has become more buoyant over the last six months and properties are now more likely to be able to be sold on the open market.

Since 1<sup>st</sup> April 2013 changes have taken place with the payment of Council Tax on empty properties and as a result we have seen a number of longer term empties i.e. 2 years plus thus qualifying for Council Tax at 150% being brought back into use.

Changes in the payment of Housing Benefit from 1<sup>st</sup> April 2013 whereby, a property is seen to be under-occupied have also affected the size of property that we are now actively looking to purchase under the HCA funded scheme. Currently we are looking only at 2 bedroom properties for this scheme.

Members are encouraged to let us know about empty/boarded up properties in their Ward.

Continue to explore all funding opportunities to bring empty properties back into use.

Continue with the multi-agency Joint Enforcement Group.



## **Empty Homes High Level Business Case**

Author	Jane Beck, Tracey Slater, Alan Warnes
Date	February 2012
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Document Status	Final

### **Current position**

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There is currently an average of 550 empty properties within the Borough at any one time. Of these 391 currently relate to properties which have been empty 6 months or more. Within the borough the number of empty properties has remained constant over the last 3-4 years.

## **1.0 Background**

- 1.1 Previously projects have been funded from Central Government to undertake large scale refurbishments within identified areas (SHARP 1 & 2, SHIP). These projects have delivered significant improvement to both individuals and the community, bringing back into use properties and increasing standards of living across the areas.
- 1.2 Funding specifically in relation to empty homes has been secured from the Housing and Communities Agency. Two bids have been successful identifying 37 empty properties which will be brought back into use over the next three years.
- 1.3 There is clearly a need within the Borough to be more proactive around empty properties to continue the work from SHARP and SHIP but to deliver suitable housing alternative for the citizens of the Borough.
- 1.4 The SHARP projects dealt with 20 empty properties and helped create about 120 new units of accommodation.
- 1.5 The authority currently leases accommodation for use by the Housing Options team as emergency temporary accommodation. The cost of leasing these premises currently has an average of £300,000 per annum and options for alternative solutions are considered as part of this business case

## **2.0 Essential Business Requirements**

- 2.1 To reduce the number of empty homes by a minimum of 10% per annum.
- 2.2 To bring back into use for the benefit of the community long term empty properties.
- 2.3 To improve the impact of empty properties on the community.
- 2.4 Operate a pilot project to ensure value for money and sustainability.
- 2.5 Provide and manage good quality temporary accommodation to proactively manage this obligation at reduced revenue costs to the authority

### **3.0 Objectives**

- 3.1 Target specific properties and areas to ensure highest impact on community.
- 3.2 Undertake a cost benefit analysis on each property to ensure options for each property are clear and recorded.
- 3.3 Set up a project board to manage/agreed action with properties.
- 3.4 Utilise existing resources to identify and act to acquire and manage properties using Strategic Housing, Private Sector Housing, NPLaw and Property Services skills.
- 3.5 Reduce the number of long term empty homes in the borough.

The following options have been considered as part of this business case:

1. Do Nothing – To continue with the current level of empty properties.
2. Utilise Compulsory Purchase Orders (CPO) with immediate resale.
3. Utilise CPO with the options to either auction or refurbish the property with the potential to operate as: emergency temporary accommodation for Housing Options; Shared Ownership Scheme; resale.

### 3.0 Options

Option	Pros	Cons	Cost
1.Do nothing	<ul style="list-style-type: none"> <li>No increased costs to the Council</li> </ul>	<ul style="list-style-type: none"> <li>Empty homes numbers within the borough remain unchanged.</li> <li>Loss of income for empty properties with numbers impacting New Homes Bonus (NHB) and 10% reduction on C/Tax bill.</li> <li>No additional access to NHB funding.</li> <li>No potential reduction in anti-social behaviour</li> <li>Impact empty homes have on Tourism</li> <li>Costs in relation to Environmental Health – securing/inspecting properties.</li> </ul>	Cost neutral but if empty properties increase this will impact the NHB in further years.
2. CPO and immediate resale	<ul style="list-style-type: none"> <li>CPO's can be time limited to ensure properties are brought back into use with agreed timescales.</li> <li>Opportunities to bring back into use long term empty properties.</li> <li>Ability to target problem properties.</li> <li>C/Tax increased income</li> <li>Reduced anti-social behaviour.</li> <li>CPO's can trigger owners into action to bring properties back into use themselves.</li> <li>Access to the NHB for all properties brought back into use.</li> </ul>	<ul style="list-style-type: none"> <li>Properties without a disrepair notice could incur additional costs in relation to CPO.</li> <li>Possibility some owners may have issues with CPO process.</li> <li>With direct resale the loss of control over management of the properties, timescales to bring back into use and how the property might be reused.</li> </ul>	£100K

## Empty Property Project

Option	Pros	Cons	Cost
3. CPO with options to refurbish, offer shared ownership or resale.	<ul style="list-style-type: none"> <li>• Opportunities to bring back into use long term empty properties.</li> <li>• Ability to target problem properties.</li> <li>• C/Tax increased income</li> <li>• Reduced anti-social behaviour.</li> <li>• Access to the NHB for all properties brought back into use.</li> <li>• Option to utilise as a replacement for Temporary Accommodation leases which begin to end 2013.</li> <li>• Control over the management of the properties.</li> <li>• Potential to sell and recoup/increase income on original sale cost through utilisation of schemes to benefit local people.</li> <li>• Reduction in overall cost of temporary accommodation.</li> <li>• Opportunity to offer shared ownership through a variety of options.</li> <li>• Opportunity to create adapted properties.</li> <li>• Opportunity to extent the variety of temporary accommodation available.</li> <li>• Flexibility to sell properties on should the need diminish.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost to Capital Budget to start project.</li> <li>• Possibility that properties will not sell on if necessary, this can be mitigated by ensure the market is well researched and a full cost benefit analysis is undertaken on each property.</li> </ul>	Capital investment pot of £250K available as required annual return approx £55K plus NHB

## 4.0 Proposal

- 4.1 To work with owners to bring properties back into use utilising all available options including the ability to CPO properties is necessary.
- 4.2 To initiate a project to investigate, action and undertake CPO's of empty properties, in appropriate circumstances, for the benefit of the borough to reduce the overall number of empties within the area.
- 4.3 To utilise these properties to the maximum advantage either through re-sale, refurbishment and reuse or shared ownership.
- 4.4 To undertake a cost benefit analysis on all properties within the project to ensure both highest impact for the community and best value for the Authority.
- 4.5 To initiate a project board, to include Member representation, to consider and agreed the actions to ensure the most proactive and efficient operation of the project.

## 5.0 Benefits/Costs

### Option 2 – CPO and Re-sale

	Legal costs, advertising notices per property	£2,850
	Compensation payment to owner would be MV of property plus 7.5% if applicable.	
5.1	<b>Total Costs per property averaged over 50 properties</b>	<b>£2,850</b>

### Option 3 – Used as temporary accommodation

	Property identified to be retained for Temp Accom – CPO plus MV (£45,000 for example purposes only 3 bed terraced)	52,225
	Average refurbishment costs based on information from previous projects	20,000
5.1.1	<b>Total Cost</b>	<b>72,225</b>
	<b>Income</b>	
	LHA benefit income from Temporary Accommodation	<b>(5,940)pa.</b>
	LHA Management Fee	<b>(480) pa.</b>
	Capital Interest Charge plus repayment of debt per annum 6.5%	<b>4,695 pa.</b>
5.1.2	<b>Income per annum based on above example</b>	<b>(1,725)pa.</b>
	<b>Additional income NHB for 6 yrs £8,400</b>	<b>(1,400)pa.</b>



- 5.1.3 A typical cost to refurbish a typical 3 bed terrace house is in the order of £20,000. As identified by the SHIP project more significant problems, as in Southtown, would be in the order of £30,000. If reconfiguration of internal layouts was required to provide new self-contained units of accommodation the costs incurred would be in the order of £35,000 per unit based on the conversion of ex hotels / guesthouses. Any conversions of this nature would provide additional units and although not costed as an example would also be subject to a full cost benefit analysis.

Option 3 – CPO and refurbish for Shared Ownership

	Property identified to be retained for Temp Accom – CPO plus MV (£45,000 for example purposes only 3 bed terraced)	52,225
	Average refurbishment costs based on information from previous projects	20,000
	Less Capital from Shared Ownership scheme – MV of property after refurbishment (example only)	(37,000)
5.1.4	<b>Total benefit value</b>	<b>35,225</b>
	<b>Income</b>	
	50% rental income	<b>(2,784)pa.</b>
	Capital Interest Charge plus repayment of debt per annum 6.5%	<b>2,290 pa.</b>
5.1.5	<b>Income per annum based on above example</b>	<b>(494)pa.</b>
	<b>Additional income NHB for 6 yrs £8,400</b>	<b>1,400 pa.</b>

## 6.0 Recommendation

- 6.1 Identify target properties as pilots for the scheme.
- 6.2 Commence a Great Yarmouth Borough Council Empty Homes Project with an initial Capital investment of £250,000 to be drawn down as required.
- 6.3 Instigate a project board incorporating representation from Members, Technical, Financial and Managerial experience.

Subject: Housing and Communities Empty Homes Funding

Report to: CMB/EMT - Monday 30<sup>th</sup> April 2012  
Cabinet – Wednesday 9<sup>th</sup> May 2012

Report by: Head of Wellbeing Services

This report seeks approval for capital funding to utilise and opportunity with the Homes and Communities Agency (HCA) to bring back into use empty homes.

**1. Introduction**

- 1.1 As a Local Authority with Registered Provider status, we have approached the HCA for the Empty Homes allocation, originally allocated to Local Space to bring back into use empty properties in Great Yarmouth (25), to be transferred to Great Yarmouth BC. The approval of the Empty Homes Pilot project has dramatically changed the position of the authority and as such opened up the opportunity to take over this funding.
- 1.2 Great Yarmouth's proven track record in the delivery of projects such as SHARP 1&2 and SHIP have strengthened the authorities position in being able to bid for this funding. There is experience in-house of enforcement, specifically including Compulsory Purchase Orders should the owners of empty properties not wish to work in partnership with the LA
- 1.3 The SHARP projects dealt with over 20 properties and helped to create 120 new units of accommodation.

**2. CURRENT POSITION**

- 2.1 There is still a need within the Borough to be more proactive around empty properties to continue the work from SHARP and SHIP and now enhance the prospects on offer from the Empty Homes Pilot to deliver as many housing options as possible for the residents of Great Yarmouth.
- 2.2 In March 2012, a business case was made for the setting-up of a Great Yarmouth BC Empty Homes Project. The funding from this project will compliment the work to be undertaken with the funding from the HCA.
- 2.3 We are progressing in earnest with identifying the owners of empty properties and this will then inform the progress of both projects.
- 2.4 The original funding round for the HCA projects closed on the 23<sup>rd</sup> January at which time the successful bidder was Local Space with funding allocated from the 2<sup>nd</sup> Marcy 2012 to deliver 25 properties over a three year period.
- 2.5 With the notification that Local Space was unable to take up their allocation the Authority stepped in to try and ensure that the funding for Great Yarmouth wasn't lost to another area.

- 2.6 As a direct result of the Empty Homes Pilot project the HCA have acknowledged that Great Yarmouth Borough Council are in a position to be allocated the funding direct and this process is currently being given final panel consideration by the HCA and the outcome should be know by June 2012.
- 2.7 It is likely that funding from the HCA would not be finally released until August 2012 thus putting the team some 6 months behind schedule, it is therefore recommended that Capital Funding for this project is agreed subject to final HCA approval to give the team the ability to identify properties at the earliest opportunity and be ready to action the agreed 5 properties in the first year.
- 2.8 Properties acquired and refurbished with this funding will be let in accordance with the Authorities' local housing allocation policies, providing another affordable housing option for local residents. Once let the properties will be managed in-house.
- 2.9 This funding opportunity will allow us to bring back into use more long term empty properties (6+ months), complimenting the existing work already on-going in connection with empty properties in Great Yarmouth. Often these properties attract anti-social behavior so, benefits occur for the wider community when the property is brought back into use as well as the opportunity to provide another affordable housing option for the local community.

### 3. COSTINGS

- 3.1 The HCA bid has been submitted utilising the costings undertaken by Local Space and therefore represents a higher cost model. Investigations undertaken in relation to the Empty Homes Pilot project identify an initial property purchase price 30% lower than the Local Space estimate which was not based on specific local knowledge or previous experience.
- 3.2 A total of 25 units overall are proposed with delivery as follows:

Year 2012/13 = 5 units  
 Year 2013/14 = 10 units  
 Year 2014/15 = 10 units

	Empty Property identified for HCA scheme – average total cost including compensation payment for CPO, renovations cost and fees as identified by Local Space	92,750
	HCA Funding per property	(17,000)
	<b>Income</b>	
	LHA benefit income	<b>(5,949)pa.</b>
	Capital Interest Charge plus repayment of debt per annum 6.5%	<b>4,924 pa.</b>
5.1.2	<b>Income per annum based on above example</b>	<b>(1,025)pa.</b>
	<b>Additional income NHB for 6 yrs £8,400</b>	<b>(1,400)pa.</b>

#### 4. RECOMMENDATIONS

- 4.1 Subject to final approval by the HCA to allocate a total maximum capital allowance of £1,893,750 over a three year period to finance the purchase and refurbishment of a total of 25 units.

##### **FINANCIAL IMPLICATIONS:**

£1.9 million capital funding to be available as follows:

- 2012/13 - £378,750
- 2013/14 - £757,500
- 2014/15 - £757,500

##### **LEGAL IMPLICATIONS:**

Compulsory Purchase Orders could be utilised if a negotiated way forward can not be achieved.

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	
	Legal	Yes
	Financial	Yes
	Risk	Yes
	Sustainability	Yes
	Equality	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No