

Decision Pathway Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 05 November 2019

TITLE	Compulsory Purchase of a long-term empty property		
Ward(s)	Clifton Down		
Author:	Tom Gilchrist	Job title:	Private Housing Service Manager
Cabinet lead:	Paul Smith	Executive Director lead:	Colin Molton
Proposal origin: <i>BCC Staff</i>			
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>			
Purpose of Report: To seek approval from Cabinet to (i) Make a Compulsory Purchase Order of a house in Clifton, Bristol. (ii) In the event of the Compulsory Purchase Order being confirmed and implemented, to purchase the property.			
Evidence Base: <ol style="list-style-type: none">At any one time around 1,500 privately owned residential units are lying empty in the City. Some of these properties will naturally come back into use however in a significant number of these cases the Council is able to reduce length of time spent empty by providing owners with information, advice and assistance that leads to re-occupation.In a few cases it becomes clear that there is no realistic prospect of an owner taking any action to bring about reuse unless the Council takes very direct action to intervene. For this reason the Council has a programme to identify and pursue the longest standing empty homes with compulsory purchase action. Of those cases where Compulsory Purchase Order (CPO) proceedings are begun the vast majority are brought back into use by the owner before the process reaches the point of the Council taking ownership. (See Appendix I)The Empty Property Unit in Private Housing and Accessible Homes Service brings back into use around 500 privately owned properties a year (537 in 2018/19) through an established process of encouragement, enablement and making owners aware of the ultimate recourse to CPO action. (The Growth and Regeneration Corporate Plan KPI target for 2019/20 is to return 490 private sector dwellings to occupation.)This house in, Clifton, Bristol is a long term empty property. It is a three storey terraced house with gardens to the front and rear and according to council tax records has been empty since November 2003. Details of the location and value of the property can be found in the exempt Appendix I.When the property first came to the Council's attention as a longstanding standing empty home in 2009 the owner fell into a Council Tax exempt category and in these circumstances CPO action was felt to be inappropriate. The Empty Property Unit has been in repeated contact with the owner since to try to establish the owner's plans for the property and to encourage the owner to bring it back into use. In July 2013 the owner confirmed that they were no longer Council Tax exempt.Since 19th October 2015 letters offering to purchase the property on a voluntary basis have been sent to the owner, the latest one being incorporated in a letter from Legal Services in February 2019. This option was also discussed with the owner in a telephone conversation on 13th January 2017 at which time they indicated they would be putting the property on the open market.			

7. No agreement has been reached with the owner to sell the property to the Council nor has the property been placed on the open market for sale. In view of this it is the officer's opinion that the making of a Compulsory Purchase Order is now the only realistic option available to ensure renovation and re-occupation within a reasonable timeframe. (Full details of the case are contained in Appendix I)
8. The City Valuer has estimated the value of the property as being in excess of the Key Decision threshold of £500,000 so the question of pursuing CPO action will need Cabinet approval to proceed further.
9. If a CPO is made and it does prove necessary to vest the property in Council ownership there will be a number of recoverable and unrecoverable costs associated with the action. The capital cost of purchase can be recovered through onward disposal but there will be unrecoverable costs including Basic Loss compensation payment, solicitor's fees, auction costs and potentially stamp duty. These unrecoverable costs are likely to be significant. (Further details can be found in the exempt Appendix I). These unrecoverable costs can be found from within the CPO service budget.

Cabinet Member / Officer Recommendations:

To approve taking a report to Cabinet recommending:

- (i) making a Compulsory Purchase Order of a house in Clifton Bristol and
- (ii) in the event of the Compulsory Purchase Order being confirmed and implemented, to purchase the property.

Corporate Strategy alignment:

1. The 'Fair and Inclusive' theme of the City Council's Corporate Strategy 2018-2023 identifies that decent housing and a high quality built environment can contribute much to the overall health and wellbeing and quality of life for Bristol residents. Currently demand for housing in the city far exceeds supply, resulting in both high rents and high house prices.
2. Corporate Business Plan 2019/20 Theme 2 Fair and Inclusive Key Commitment 1: To make sure that 2,000 new homes (800 affordable) are built in Bristol each year by 2020. One of the measures of success for this key commitment is: Increase the number of private sector dwellings returned into occupation.
3. Bristol Housing Strategy- More Than A Roof 2016-2020 Delivery of outcomes: Reduce empty homes, particularly in the private sector including through the use of Compulsory Purchase.

City Benefits:

1. See alignment with Corporate Strategies listed above.

Consultation Details:

1. The owner has been given a number of opportunities to make representations about this proposal but has made no recent comment. (See Appendix I for detail).

Background Documents:

Housing Act 1985.
 Ministry of Housing Communities and Local Government Guidance on Compulsory Purchase Process and the Crichel Downs Rules 2019.

Revenue Cost	See exempt Appendix I	Source of Revenue Funding	CPO Budget
Capital Cost	See exempt Appendix I	Source of Capital Funding	Recovered on re-sale
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: For CPO action that results in the CPO of a property there will be costs which, for this property, are detailed below. The purchase cost of the property is funded by the subsequent capital receipt generated from the sale of the property. Any loss on disposal will be charged in year to revenue budgets.

In purchase and disposal of the property there are an estimated up to £100k of revenue costs associated with legal

fees, administration and selling fees which will be funded from service revenue budgets. Any loss on disposal between the purchase price and selling price would also need to be funded through revenue.

The potential risks and mitigations are shown below:

Variable	Potential Risk for Council	Potential Mitigation
Price of property	The sale price of the property is lower than the CPO purchase price.	The agreed purchase price should be the market value at the time subject to prevailing economic conditions.
Timing of CPO	The CPO process may take years to reach a conclusion.	Ongoing negotiations may enable the property to be brought back into use without completing the CPO process.
Economic market	If the housing market stagnates the Council may be unable to sell the property quickly.	The payment to the owner would be made after the subsequent sale of the property.

In many cases where CPO action is initiated, a satisfactory outcome is achieved, without needing to complete the process, by the property being brought back into use or being sold voluntarily, hence reducing the unrecoverable cost to the Council.

Finance Business Partner: *Michael Pilcher Chief Accountant, 28/10/19*

2. Legal Advice: *Under Section 17 of the Housing Act 1985 the Council has the power to purchase land, houses or buildings by agreement or compulsorily if there is a need for housing in the area. For full legal advice see appendix H*

Legal Team Leader: *Joanne Mansfield Property, Planning and Transport, 24/10/19*

3. Implications on IT: *No implications to IT Services.*

IT Team Leader: *Simon Oliver 19/8/19*

4. HR Advice: *No HR implications are evident.*

HR Partner: *Celia Williams 22/8/19*

EDM Sign-off	Nuala Gallagher	11/9/19
Cabinet Member sign-off	Councillor Paul Smith	17/9/19
For Key Decisions - Mayor's Office sign-off	Mayor's Office	7/10/19

Appendix A – Background on empty property CPO programme	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equality Impact Check on proposal contained in exempt Appendix I below	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	YES
Appendix I – Exempt Information (i) Breakdown of unrecoverable costs, (ii) Revenue and capital costs, (iii) Chronological background report, (iv) Equality Impact Check.	YES
Appendix J – HR advice	NO

Appendix K – ICT	NO
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