

Summary Sheet

Council Report

Cabinet and Commissioners' Decision Making Meeting – 11 July 2016

Title

Little London, Maltby – Negotiated Acquisition Proposal for 9-55 Churchill Avenue

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Graeme Betts, Interim Strategic Director of Adult Care and Housing

Report Author(s)

Tom Bell, Strategic Housing and Investment Manager

Paul Benson, Private Sector Housing Officer

Ward(s) Affected

Maltby

Executive Summary

The 'Little London' estate in Maltby is privately owned, with the majority of its 143 households renting privately. The properties are of non-traditional construction with failing concrete roofs, are hard to heat and suffer from a lack of investment. Over a third of properties across the estate are currently empty and there is a high turnover of tenants. The estate is in decline with continual evidence of anti-social behaviour and this is having an adverse effect on the surrounding neighbourhood. Residents and some landlords are pushing for change and lodged a petition in April 2014 requesting that the Council takes action to improve the area, which aligns with our Housing Strategy objective to improve the quality of the private rented sector and bring empty homes back into use.

The Council has initiated enforcement activity and community / landlord engagement over the past two years. However, this has only had limited success, is resource intensive and is not providing sustainable improvements. In order to bring about long-term change it is important that a solution is reached regarding 24 empty properties located on Churchill Avenue.

This report recommends that the Council seeks to acquire, through negotiation with the owner, the 24 long-term empty properties in order to refurbish them to be let as Council homes.

Recommendations

That Cabinet:

1. Agrees that officers should commit to negotiate with the owner to purchase the 24 properties, 9-55 Churchill Avenue, Maltby.
2. Agrees that the Assistant Director of Housing and Neighbourhood Services be authorised to purchase and refurbish the 24 units on Churchill Avenue, Maltby, using Housing Revenue Account (HRA) capital receipts (identified in Appendix 2: Exempt under paragraph 3 of the Local Government Act, 1974 (as amended). This is information relating to the financial or business affairs of any particular person (including the Council)).
3. Agrees that if however negotiations are unsuccessful, to receive a further report outlining the option to acquire the properties by Compulsory Purchase Order (CPO) as a last resort.

List of Appendices Included

Appendix 1 – Location and site plan

Appendix 2 (exempt) – Confidential financial information

Background Papers

Report: Cabinet Member for Safe and Attractive Neighbourhoods (14th July 2014, Cabinet Minute 29)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Little London Task and Finish Group (attended by Councillor Christine Beaumont)

Council Approval Required

No

Exempt from the Press and Public

Although the main report is not exempt, Appendix 2 is exempt, under paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as this section contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions.

Little London, Maltby – Negotiated Acquisition Proposal for 9-55 Churchill Avenue

1. Recommendations

That Cabinet:

- 1.1 Agrees that officers should commit to negotiate with the owner to purchase the 24 properties, 9-55 Churchill Avenue, Maltby.
- 1.2 Agrees that the Assistant Director of Housing and Neighbourhood Services be authorised to purchase and refurbish the 24 units on Churchill Avenue, Maltby, using Housing Revenue Account (HRA) capital receipts (identified in Appendix 2: Exempt under paragraph 3 of the Local Government Act, 1974 (as amended). This is information relating to the financial or business affairs of any particular person (including the Council)).
- 1.3 Agrees that if however negotiations are unsuccessful, to receive a further report outlining the option to acquire the properties by Compulsory Purchase Order (CPO) as a last resort.

2. Background

2.1 About the estate

- 2.1.1 The Little London estate in Maltby comprises 138 homes (88 houses and 50 flats) occupying Churchill Avenue, Morrison Avenue, Greenland Avenue and Greenland Avenue South (refer to Appendix 1 for a location and site plan). All properties are privately owned and four landlord groups own 78% of the housing stock. There are 21 individual landlords in total. 48 of the properties are currently empty of which 38 have been empty for more than two years, which attracts antisocial behaviour.
- 2.1.2 Due to the nature of the construction, which is of non-standard structure consisting of solid wall and concrete roof, the properties are hard to heat and suffer from problematic roofing defects, resulting in damp and condensation. Internally, the properties are of a poor standard requiring improvement to meet basic expectations in relation to health and safety. There are also external problems: boundary treatments are almost non-existent, especially where properties are empty, and the majority of the area is poorly maintained.
- 2.1.3 A poor environment and the poor physical quality of the properties contribute towards high turnover.

2.2 Action taken by the Council to date

- 2.2.1 As a result of the identified problems, a cross departmental Task and Finish Group was created in July 2014. The focus of the group was to identify suitable options for tackling the issues of low demand / property values caused by antisocial behaviour and the generally poor quality environment.
- 2.2.2 Public sector intervention has consisted of an extensive proactive enforcement approach, with environmental and private rented property inspections, resulting in over 200 notices being served across the estate. As a result of the service of notices and engagement with landlords, properties were improved in accordance with the Housing Health and Safety Rating System (HHSRS). Letters and newsletters have been

produced for residents and monthly walkabouts are conducted by Elected Members and officers of the Task and Finish Group. In addition, regular liaison with landlords and property agents, consisting of on-site meetings as well as discussions at quarterly landlord forums, has been offered.

- 2.2.3 Despite the fact that some properties may have had basic improvements in line with the HHSRS, some owners are leaving properties empty, or they are being offered for sale. However, there continues to be letting and tenancy management related issues that have a negative impact on the community.
- 2.2.4 The Task and Finish Group has identified that in order to bring about long-term sustainable improvements, a solution must be found to at least deal with the 24 empty properties on Churchill Avenue. These have been empty for the longest period and are all owned by the same landlord (Rivergrove). Because the properties are all being situated together across four blocks, this will enable a more significant impact to be made than if they were 'pepper-potted' throughout the estate. Extensive dialogue has taken place with the landlord (Rivergrove) over the past 18 months to try to reach a solution for these properties.
- 2.2.5 As stated above there are 48 long term empty properties across Little London and therefore 24 further properties to be tackled. The Council submitted an expression of interest to the Government's Estate Regeneration programme at the end of April 2016, requesting funding to provide loans to the owners of the other 24 properties in order to bring them back into use as affordable rented properties. Initial discussions with the Homes and Communities Agency have been positive and a response is anticipated in mid July 2016.

2.3 Problems associated with the 24 empty properties on Churchill Avenue

- 2.3.1 Following the service of an insecure notice by the Council's Community Protection Unit (CPU), these properties were boarded up by the landlord prior to Christmas 2015.
- 2.3.2 Prior to boarding up, Rivergrove received public funding (from the Department of Energy and Climate Change's Green Deal Home Improvement Fund 2014/5) to apply thermally insulated external wall cladding. This work was completed in compliance with funding conditions in the Spring of 2015. This was in preparation for full refurbishment, which was proposed to take place last summer (July 2015). Following conversations with Rivergrove in October 2015 it was anticipated that arrangements had been made with utility companies and contractors to have a rolling refurbishment contract commence in January / February 2016. However, no works have been carried out and although requests have been made to meet with the property owner there has been no response from Rivergrove.
- 2.3.3 The blight continues and a lack of investment reduces any confidence that tenants, residents, other landlords or the Council have in Rivergrove being willing to refurbish the properties and bring them back into use.
- 2.3.4 The current condition of the Little London Estate, as well as offering a poor quality of life for the residents, impacts significantly on the quality of life for the surrounding estates with a spill over of crime and anti-social behaviour and environmental issues.

2.4 Reason for proposing a negotiated acquisition of the 24 empty properties on Churchill Avenue

2.4.1 The properties have been problematic for over 20 years. On at least two occasions during 2015/6 the landlord provided a verbal commitment to Council officers, of their intention to refurbish the properties, but the properties continue to blight the area. Other options have been considered (please see below) but none of these will result in the change needed to improve housing demand in the area. Acquisition is considered to be a positive way forward and would result in the existing properties being refurbished and let as social housing.

3. Key Issues

- 3.1 Property and rental values continue to be lower than average for the Ward, with property values seeing a 5.11% reduction over the past six months. A three bedroom unimproved terraced property is being sold for less than £30,000 and extensively improved properties being offered for sale at no more than £60,000. Rental properties are being marketed at £75-£95/week, less than the average rental price in the postcode area.
- 3.2 Surrounding householders are very concerned that so many properties continue to remain empty and blight the area as this is having a negative impact on the value of their own properties. Residents have previously presented a petition to the Maltby Town Council (April 2014), requesting action to tackle the ongoing problems, and the Council responded in accordance with standard procedures for dealing with petitions in July 2014. Public sector interventions, to the level provided to date, are unsustainable.
- 3.3 Three meetings have taken place with residents and officers, including the Assistant Director of Housing and Neighbourhood Services, to consider residents' concerns, provide an update on progress and agree actions for improving the housing and environmental standards on the estate.
- 3.4 Acquiring the properties will create an opportunity to make a real difference by removing the blight and delivering an improved social housing offer within the area. The provision of 24 Council managed properties will assist with the delivery of RMBC's Housing Strategy, in particular the strategic priorities to increase the number of homes in Rotherham (through bringing long term empty properties back into use), improving the quality of the private rented sector, and providing good quality, well-managed homes for social rent.

4. Options considered and recommended proposal

- 4.1 **Alternative option 1** (not recommended): Not taking any formal action, but to continue to encourage Rivergrove to deliver a programme of refurbishment and environmental improvements.
- 4.1.1 The Council, over the last two years, has tried working with Rivergrove by:
- Supporting their external wall insulation grant application
 - Liaising with their contractors on community based concerns
 - Holding meetings to discuss progress and offering advice regarding future intentions
- 4.1.2 Despite the close working arrangements and support offered, Rivergrove undertakes work on a reactive basis, in response to Council action, and, as a result, no assurance has been secured that they will deliver the much-needed improvements to housing standards.

- 4.1.3 Due to the high level of risk associated with relying upon extensive landlord investment, it is not appropriate to choose this option as a viable means of creating necessary change across the estate.
- 4.2 **Alternative option 2** (not recommended): the use of Empty Dwelling Management Orders (EDMOs) could enable the Council to remove management responsibility from the landlord and improve the properties for occupation. However, detailed financial modelling, based on the net present value of properties over a seven year period (the maximum period for which an EDMO can be in place), demonstrated that unless the refurbishment cost per property was below £12,500, this route would not provide a financially viable solution. The cost per property for each of the 24 properties on Churchill Avenue has been estimated to exceed this threshold.
- 4.3 **Alternative Option 3** (not recommended): Immediately proceed to Compulsory Purchase Order (CPO). While this would offer an alternative approach to acquiring the properties if negotiation with the owner is unsuccessful, it is inappropriate to proceed immediately to this measure, as there is a legal requirement to demonstrate that negotiation has not been possible. CPO can be a complex and lengthy process and can potentially be expensive. However, it should be noted that should a negotiated acquisition not be possible it may be necessary to revisit this option.
- 4.4 **Option 4 (recommended)** – negotiated acquisition. This will enable the Council to:
- Remove dilapidated housing that is currently creating blight
 - Raise confidence across the area and ultimately, contribute towards reducing ASB and environmental problems and improving property values
 - Result in New Homes Bonus income to the Council of £160K over a six year period
- 4.5 Within the recommended option to acquire the properties there are two sub-options – to either clear and redevelop the site, or refurbish the existing properties. This report recommends acquisition and refurbishment rather than demolition. The reason for this is that the nature of the construction, one and a half brick thick with concrete infill, makes any consideration of demolition costly, with costs estimated to be two to three times more expensive (up to £15,000/property) than traditional demolition methods.
- 4.6 The Strategic Housing service has explored the option of clearance and re-provision by carrying out ‘soft’ market testing with a private developer, based on a whole-estate development proposal. This demonstrated a viability gap of £2.8m. If only the Churchill Avenue portion of the estate were to be sold for development – there would similarly be a significant viability gap as the condition of the surrounding properties would adversely affect the marketability of any new build offer.
- 4.7 The preferred option would be acquisition and refurbishment. This will enable a significant improvement to the local environment and enable to the Council to provide an additional 24 social houses at an affordable development cost.
- 5. Consultation**
- 5.1 The Task and Finish Group has considered the options offered within this report and has assessed and identified the most appropriate course of action to take in respect of arresting the decline of the local housing market.

- 5.2 Legal and Financial Services have contributed towards the production of this report and have approved the preferred option.
- 5.3 Through the work of the Task and Finish Group, residents have been made aware of ongoing progress through meetings and the production of letters and newsletters. Three resident meetings have been held, a door-to-door survey has taken place to identify residents' concerns and two clean-up days have been organised over the past year.
- 5.4 Residents expressed concerns about the service of enforcement notices and questioned why the Council had not taken enforced sale action. They also asked whether the Council was considering a Compulsory Purchase Order – and asked if the landlords were failing to invest in the properties, would the Council be prepared to invest in them. This report and its recommendations directly address the concerns of residents.
- 5.5 The ward members for Maltby, an active and supportive residents group and some members of Maltby Town Council have been extremely active in trying to resolve the problems of this area for a number of years. Cabinet Members for Housing and Neighbourhoods both past and present have also recognised that there is a need to transform the conditions in this area. The current Cabinet Member has recently visited the area to ascertain the latest neighbourhood conditions.

6. Timetable and Accountability for Implementing this Decision

- 6.1 If approved by Cabinet, the following steps will be taken;
- Invite the property owner to a meeting to discuss acquisition via negotiation (obtain the title to the properties through private treaty) – by end of August 2016
 - If unable to acquire via negotiation, officers will prepare a second report to Cabinet outlining the alternative option to acquire the properties via CPO, in October 2016.
- 6.2 Further detailed work will be carried out to identify the exact costs associated with acquisition and refurbishment option. The financial position is expected to improve as current estimates include contingencies and worst case investment scenarios, so it is highly unlikely additional costs will arise.

7. Financial and Procurement Implications

- 7.1 The funding to acquire the 24 properties at 9-55 Churchill Avenue has been identified using uncommitted Housing Revenue Account (HRA) capital resources for strategic acquisitions. **Appendix 2**, exempt under paragraph 3 of the Local Government Act, 1974 (as amended), offers more detailed information relating to the value of funds required to acquire the 24 properties and refurbish them.
- 7.2 A decision to acquire and refurbish the problematic empty properties will reduce pressures on existing services and enable them to reallocate resources to other areas.
- 7.3 A bid was submitted (at the end of April 2016) to the Government's Estate Regeneration Fund to support improvements to surrounding empty properties, and a response from the Homes and Communities Agency is anticipated during July 2016.

8. Legal Implications

- 8.1 Negotiation with the property owner will be carried out by Legal Services. Should negotiated acquisition be unsuccessful, a further report will be prepared for Cabinet in October 2016, setting out the full legal implications of the CPO process which will offer an alternative means of acquiring the properties as a last resort.

9. Human Resources Implications

- 9.1 Strategic Housing Investment Services will act as client and be responsible for producing surveys and schedules of work, with the Contract and Service Development Team being responsible for managing the contracted work.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 Improving housing conditions and the environment will contribute towards the corporate priorities of:
- Every child making the best start in life
 - Every adult secure, responsible and empowered
 - A strong community in a clean, safe environment

11 Equalities and Human Rights Implications

- 11.1 None specific to negotiated acquisition.

12. Implications for Partners and Other Directorates

- 12.1 A decision to proceed with negotiation will:
- Reduce the volume of concerns reported to the Community Protection Unit
 - Impact on Legal Services team resources
 - Increase the confidence of residents and landlord partners
 - Generate some work for various teams across the Housing Service in terms of adding the properties to the Council's stock

13. Risks and Mitigation

- 13.1 If the Council does not seek to acquire the properties:
- there will be continued decline as a result of low demand
 - the wider area will be blighted
 - properties will continue to be left empty
 - there will be increased numbers of service requests (complaints)
 - additional resources, to those already being provided, will be required to manage the estate
 - historical evidence indicates that the private landlords will not deliver major improvements
 - the Council will be required to use enforcement powers to arrest the problem of low demand with potentially little success
- 13.2 There is a risk that the Council will be unable to reach a negotiated price with the owner, in which case the alternative option of CPO will be recommended to Cabinet as a last resort.

14. Accountable Officer(s)

Graeme Betts, Interim Strategic Director of Adult Care and Housing

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services:- Judith Badger

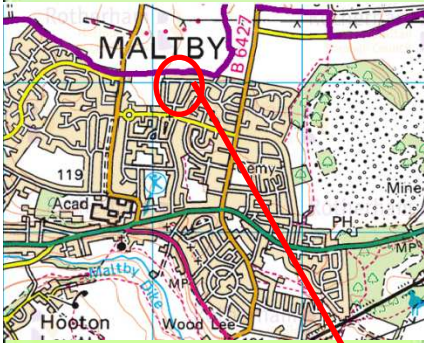
Director of Legal Services:- Dermot Pearson (Assistant Director)

Head of Procurement (if appropriate):- N/A

This report is published on the Council's website or can be found at:-

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=>

Appendix 1 – Location and site plan



9-55 Churchill Avenue