

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

Cabinet
06 September 2022

Report Title: Compulsory Purchase of 12 Cheddar Drive, Newcastle, Staffordshire, ST5 6QR

Submitted by: Director of Sustainable Environment and Operations

Portfolios: Community Safety and Wellbeing

Ward(s) affected: Silverdale

Purpose of the Report

To request Cabinet authority to Compulsory Purchase an empty property at 12 Cheddar Drive, Newcastle, Staffordshire, ST5 6QR and to subsequently dispose of the property to ensure it is brought back into use as a home.

Recommendation

That Cabinet

1. Approve serving the necessary legal papers to acquire 12 Cheddar Drive, Newcastle, Staffordshire, ST5 6QR, through Compulsory Purchase under Part II and section 17 of the Housing Act 1985.
2. Approve the subsequent disposal of the property through the most appropriate means to bring it back into use as a home.

Reasons

Research into this empty property, which is in a state of disrepair, shows there is no known owner and no realistic alternative prospect of bringing it back into beneficial use.

A report was approved by cabinet in June 2021 which gave authorisation to work up proposals to Compulsorily Purchase the property.

1. **Background**

- 1.1 The property has been empty for 4 years and 6 months, it is neglected and deteriorating in condition.
- 1.2 Extensive research has identified the history of the property and the reasons it is empty. However this has not identified any other options for returning the property to a beneficial use. There is no doubt its condition will continue to deteriorate and adversely affect the local community.
- 1.3 With the right disposal approach the property will contribute to housing options in the borough and can be brought back into use as a home.

2. **Issues**

- 2.1 A legal review of the case has identified it does constitute a strong case for compulsory purchase as no one has been identified with ownership responsibility and the property will remain empty without intervention.
- 2.2 A Valuation of the property was obtained on the 9th August 2021 and estimated as £72,000 (see appendix 1). A desktop review is being undertaken to understand any changes. However the exact value will only be determined through an open market sale.
- 2.3 Registered providers operating locally have been approached to identify whether they are interested in acquiring the property for social rent. Unfortunately no interest has been shown in this option as the property is classed as a non-traditional structure. Further details regarding the non-traditional structure are included in the valuation property under the heading construction.
- 2.4 Homes built of non-traditional structure are usually only available for cash purchase and are not available to purchase with a mortgage. It is therefore proposed to dispose of the property through an open market auction with a requirement to bring the property back into use in 12 months. This ensures a fair, open transparent process, ensuring market value is achieved but mitigating against the risk of a new owner continuing not to bring it back into use.

3. **Proposal**

That Cabinet:

- 3.1 Approve serving the necessary legal papers to acquire 12 Cheddar Drive, Newcastle, Staffordshire, ST5 6QR, through Compulsory Purchase under Part II and section 17 of the Housing Act 1985.
- 3.2 Approve the subsequent disposal of the property through the most appropriate means to bring it back into use as a home.

4. **Reasons for Proposed Solution**

- 4.1 Research into this empty property, which in a state of disrepair, shows there is no known owner and no realistic alternative prospect of bringing it back into beneficial use.
- 4.2 An article printed 4th July 2021 in the local newspaper following an initial Cabinet Report dated June 2021 which agreed a recommendation to progress with the CPO highlighted that local residents were in favour of this action.
- 4.3 The action will send a strong message to other empty home owners who are not taking responsibility that the Borough will use the full range of options available and will provide learning for further cases.

5. **Options Considered**

- 5.1 Option 1 – Do Nothing
This approach will only lead to the property being left empty indefinitely, falling into increased disrepair, attracting anti-social behaviour and elevated levels of crime which will ultimately put more pressure on the services.
- 5.2 Option 2 - Enforcement Actions

There is a range of legislation which can be used to require owners to manage the condition of an empty property. This has been discounted as the owner cannot be identified to enforce against and it does not directly result in a change in ownership and beneficial reuse of the property.

- 5.3 Option 3 – Acquire the property and choose an alternative disposal means
This has been discounted as if an individual does come forward who can evidence ownership they can claim compensation over and above the disposal amount if it can be shown that the Council did not achieve the best possible price for the property.

6. **Legal and Statutory Implications**

- 6.1 Browne Jacobson Solicitors have been appointed to support the Council in this proposal. They have undertaken a legal review and confirmed the necessary criteria have been met and there is a compelling case for this action.
- 6.2 Section 17 of the Housing Act 1985 enables the Council to acquire houses, together with any land occupied with the house, compulsorily for the purposes of providing housing accommodation.
- 6.3 Before a CPO can be implemented, the acquiring authority must be able to justify the use of powers to the Secretary of State, usually through a public inquiry process. The acquiring authority must be able to demonstrate that:-
- There is a compelling case in the public interest to deprive the landowner of their land;
 - There are no other impediments to implementing the proposal for which the CPO is required. This usually involved demonstrating that the council has sufficient resources to deliver what it intends to deliver, and there are no other consents (planning etc.) outstanding;
 - That CPO powers are needed to achieve what the Council is seeking to achieve. This involves being able to demonstrate that the Council was not able to acquire the land by agreements.
- 6.4 The process involves assembling a case such that these matters can be demonstrated, Making (drafting and publishing) an Order, inviting representations, and then undertaking a public examination process (usually through public inquiry) through which an inspector appointment by the Secretary of State will determine where or not to “confirm” the Order.
- 6.5 Once confirmed, the Council takes steps to implement the order thereby taking legal ownership of the property. Where previous ownership cannot be ascertained, the compensation payable is held in escrow in the event of an entitlement to claim against it arising at a later date.
- 6.6 As no owner, or any ownership claims can be identified there is no expectation of a public enquiry being necessary.

7. **Equality Impact Assessment**

- 7.1 There are no equality impact issues arising from the recommendation, although if increased affordable housing is ultimately achieved, that makes a positive contribution to meeting a particular housing need.

8. **Financial and Resource Implications**

- 8.1 There is a legal process to follow in order to acquire the property. Once this is confirmed arrangements can be made for disposal. Following disposal the funds, minus reasonable

costs incurred by the council in pursuing the Compulsory Purchase Order must be held in escrow in case anyone with an ownership claim comes forward to claim compensation. In this regard the Council does not need to allocate a budget to this proposal but must be aware that a compensation claim can be made at any time during the process.

8.2 A property valuation carried out on 9th August 2021 valued the property at £72,000. A desktop review is being undertaken to understand any changes. However the exact value will only be determined through an open market sale.

9. **Major Risks**

9.1 There is a risk that someone with a valid ownership claim comes forward throughout process, either before or after acquisition. The Council is only taking this action as no valid ownership claims can be identified, if someone does come forward before acquisition we would be willing to stop the action to allow them to take appropriate steps in a reasonable time. If this is after acquisition they can make a compensation claim. Provided the Council has gone through all the appropriate steps and shown due diligence in the disposal process this compensation should be covered by the disposal funds.

9.2 If there is a delay between acquisition and disposal there is a risk the values may change during that time which could affect any compensation claimed. This will be determined by prevailing market conditions, with risks increasing with any increase in time between acquisition and disposal. The risk can be reduced by implementing the process promptly.

9.3 There is a risk if the property is sold with a 'requirement to bring back into use, within 12 months' it could lower the price achieved. If someone with a valid ownership claim comes forward to seek compensation they could argue that a better price could have been achieved without a clause. The ultimate goal is to see the property brought back into use in as shorter time as possible so the risk is considered reasonable. It is also reasonable to consider that someone purchasing a property for development intends to commit to the project and complete within 12 months in order to gain a return on their investment.

10. **UN Sustainable Development Goals (UNSDG)**

10.1 The proposal seeks to prevent blight to a community and to work in partnership to contribute to affordable housing options in the borough. Through this the following UNSDGs are supported.



11. **Key Decision Information**

11.1 This is not a key decision as the capital and revenue amounts do not exceed the key decision limits and it affects one ward of the borough.

12. **Earlier Cabinet/Committee Resolutions**

12.1 Proposed Compulsory Purchase Order – 12 Cheddar Drive, Newcastle, Staffordshire, ST5 6QR (09/06/2021)

<https://moderngov.newcastle-staffs.gov.uk/ieListDocuments.aspx?CIId=118&MID=3427#AI21480>

13. **List of Appendices**

13.1 Appendix 1 Valuation Report – Confidential

14. **Background Papers**

14.1 None