
Empty Property Refurbishment

To: **Cabinet - 30th July 2015**

Main Portfolio Area: **Planning & Housing Services**

By: **Bob Porter, Head of Housing Services**

Classification: **Unrestricted**

Ward: **Central Harbour**

Summary: **To seek approval to use a total of £500,000, made up of both HRA balances and one-for-one right to buy receipts to fund the acquisition and refurbishment costs of 93 Westcliff Road, Ramsgate.**

For Decision

1.0 Introduction and Background

- 1.1 Empty properties were an important part of the Coalition Government's Housing Strategy for England, 'Laying the Foundations: A Housing Strategy for England' (CLG, 2011). As part of the 2011-2015 Affordable Homes Programme, £100 million of capital funding has been set aside to tackle empty properties. The funding was intended to deliver 3300 affordable homes by March 2015.
- 1.2 In order to bring back the empty properties into use as affordable housing, TDC needed to commit to financial spend as well. The HCA's bidding guidance indicated that we could bid for the grant funding under two routes, either through lease and repair, or purchase and repair. We considered that the most appropriate route would be to purchase and repair the properties, utilising the HRA to fund the purchase of the properties and the grant funding from the HCA to undertake the works to bring the properties back into a habitable condition.
- 1.3 The Empty Homes Bid to the Homes and Communities agency was approved by cabinet on 10th May 2012 (Decision 233 – 2012/13 refers).
- 1.4 93 Westcliff Road, Ramsgate has been empty and vacant since 2008, and was purchased as part of the Empty Homes Project in September 2014.
- 1.5 It had previously been purchased by a private investor who renovated the property. However, it was not compliant to current building regulations.
- 1.6 When renovations are complete it will result in 3 units of housing.

2.0 The Current Situation

- 2.1 This property had been empty and vacant since 2008. It had been extensively altered internally and included an illegal rear extension. The previous owner did not obtain planning or building regulation consent for the alterations. Thanet District Council's long term empty property officer approached the owner and had been working for

some time with him in order to purchase the property and bring it back into use. Negotiations began with the owner back in 2012.

2.3 Originally, this property was pursued and purchased as part of the HCA Empty Homes Funding project. Following a reassessment of the condition of the property it was withdrawn from the Empty Homes Project. The reason for this was that the works would not have been completed by 31st March 2015, which was a requirement of the HCA 2012-15 funding.

2.4 Attached, at annex 1, is photographic evidence showing the current condition of the property. Confirmation of the costs of refurbishment are detailed in the schedule of works attached at annex 2. These costs were verified in November 2014 by our consultant. An additional consultant's fee of 10.55% is to be added to the costs.

3.0 Options

3.1 To agree the use of HRA balances and one-for-one receipts (the Government's commitment to ensure that the receipts on every additional home sold under the Right to Buy are used to fund its replacement on a one for one basis) to renovate and refurbish 93 Westcliff Road, Ramsgate to create 3 affordable homes.

3.2 To sell the property on the open market. We purchased the property for £250,000k. However, in its current condition the market value would be a lot lower, resulting in a loss to the HRA. This option would not necessarily result in the building being returned to use.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 Capital expenditure will be required to develop the property into affordable housing. Up to 30% of acquisition and development costs can be funded from one-for-one receipts for new affordable housing units. A revenue contribution to capital spend could facilitate the balance.

4.1.2 Annex 2 shows a total estimated cost of building and external works of £207,645. Additional to this is the consultant fee of 10.55%, totalling £21,906, and a small contingency sum of £20,000 which have been included. This is in addition to £250,000 for the acquisition of the property; however the £250,000 acquisition cost still needs to be accounted for within the HRA.

4.1.3 Of the total estimated cost of £500,000, £150,000 (30%) can be funded from one-for-one receipts with the remaining cost of £350,000 funded from HRA revenue contribution to capital. The HRA business model is currently being updated to reflect this. A breakdown of the costs are shown in the table below:

Description	Scheme total			Average per unit		
	HRA	1-4-1	Total	HRA	1-4-1	Total
Purchase	£175k	£75k	£250k	£58k	£25k	£83k
Capital Cost	£146k	£62k	£208k	£49k	£21k	£70k
Fees	£15k	£7k	£22k	£5k	£2k	£7k
Contingency	£14k	£6k	£20k	£4.5k	£1.5k	£6k
Total	£350k	£150k	£500k	£116.5k	£49.5k	£166k

4.2 Legal

4.2.1 There are no specific legal implications not already covered within this report.

4.3 Corporate

4.3.1 The delivery of the project will meet the corporate targets to bring empty properties back into use as well as providing much needed affordable housing. The delivery of the programme is in accordance with the Housing corporate priorities to provide a balanced housing market in the district, ensure there is housing supply to meet local demand, create safe and secure homes and for the council to deliver quality services to its tenants

4.4 Equity and Equalities

4.4.1 Bringing back empty properties will help to tackle antisocial behaviour and deprivation in areas blighted by neglected empty properties. Additional affordable homes will be brought back into use for households on the housing register. This will promote community cohesion and will create a range of accommodation to meet the needs of residents.

4.4.2 In the opinion of the writer there are no equity and equality implications to this report which are not addressed as part of the Council's Lettings Policy.

5.0 Recommendation(s)

5.1 To agree the use of HRA balances and one-for-one receipts to undertake the development and refurbishment works at 93 Westcliff Road, Ramsgate.

6.0 Decision Making Process

6.1 This is a budget decision to go to Cabinet who will need to consider the spend of the one-for-one receipts in order to create additional affordable homes.

Contact Officer:	Ashley Stacey, Strategic Housing Manager
Reporting to:	Bob Porter, Head of Housing Services

Annex List

Annex 1	Photographic Evidence of property
Annex 2	Details of works costs

Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Sarah Hills, Strategic Housing Accountant
Legal	Tim Howes, Interim Head of Legal and Democratic Services