

MIDDLESBROUGH COUNCIL

EXECUTIVE SUB COMMITTEE FOR PROPERTY

BRINGING EMPTY PROPERTIES BACK INTO USE AS AFFORDABLE HOUSING

EXECUTIVE MEMBER FOR REGENERATION AND ECONOMIC DEVELOPMENT:
COUNCILLOR CHARLES ROONEY

EXECUTIVE DIRECTOR OF NEIGHBOURHOODS AND COMMUNITIES: KEVIN PARKES

DATE: 16TH DECEMBER 2013

PURPOSE OF THE REPORT

1. On 29th July, the Executive Sub Committee for Property approved that four Council-owned properties within Gresham were to be leased to the Middlesbrough Community Land Trust (CLT) for a period of 5 years at nil consideration and brought back into use as affordable housing using Government funding available to community groups for empty homes.
2. Further to this decision, an issue has arisen regarding the Government funding. The purpose of this paper is to set out a proposal to resolve the funding issue and facilitate the leases as originally approved.

SUMMARY OF RECOMMENDATIONS

3. It is recommended that the Executive Sub Committee for Property commits the Council to making 132 Princes Road, 219 and 239 Union Street and 6 Enfield Street available for 30-years as affordable housing, which will ensure Middlesbrough Community Land Trust (CLT) is in a position to draw down empty homes funding to bring these properties back into use.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

4. It is over the financial threshold (£150,000)
- It has a significant impact on two or more wards
- Non Key

DECISION IMPLEMENTATION DEADLINE

5. For the purposes of the scrutiny call in procedure this report is:
Non-urgent
Urgent report

BACKGROUND AND EXTERNAL CONSULTATION

6. Further to the committee approval, it has transpired that CLT did not caveat its original bid for Government empty homes funding as recommended by the Council, that is, that any lease would be for 5 years. The submitted bid assumed a 30-year lease period.
7. Although the CLT board has accepted the 5 year term as approved by the committee, the funding body, Tribal (acting on behalf of the Homes and Communities Agency), has indicated that without a guarantee that the four properties will be available as affordable housing for 30 years, investment cannot be approved.

OPTION APPRAISAL AND RISK ASSESSMENT

Proposal – 5-year lease to CLT with 30-year affordable housing commitment	
<p><u>Advantages</u></p> <ul style="list-style-type: none"> • Properties remain a Council asset • Secures £160k Community Groups Empty Homes funding for Middlesbrough. • After 5-year CLT lease, the Council could opt to either sell or continue leasing to the CLT or a Registered Provider. • Following the initial 5-year lease to CLT for nil consideration, rental income over the following 25 years will be circa £450k (assuming 25% Registered Provider management charge). • Asset values will be improved by CLT empty homes funding. 	<p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Precludes immediate asset disposal. • Affordable housing commitment could restrict rental yield and thus future asset values.

Alternative proposal – Council refurbishment	
The Council could utilise its own £340k Empty Homes Round 2 funding to bring the four properties back into use.	
<p><u>Advantages</u></p> <ul style="list-style-type: none"> • Properties remain a Council asset • The Council can lease the properties to a Registered Provider and receive circa 75% of the rental income. 	<p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Loss of £160k Community Groups Empty Homes funding. • Council has less Empty Homes Round 2 funding to tackle other empty properties in Gresham.

8. It is recommended that the committee approves the proposal to provide a 30-year commitment to making the four properties available as affordable housing as this option resolves the funding issue and presents the lowest risk.

IMPACT ASSESSMENT

9. An initial Impact Assessment was attached to the previous report considered by the committee on 29th July 2013. The proposal does not contravene Human Rights or Equality Acts.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

10. **Financial** – The lease of these properties will allow significant investment and the improvement of these poor condition assets.
11. **Ward** – The proposal affects the Gresham Ward. The Executive Member and the Assistant Executive Member for Regeneration and Economic Development were consulted on the issues set out in this report on 25th November and recommended that the proposal should be put to the committee.
12. **Legal** – There are no specific legal implications.

RECOMMENDATIONS

13. It is recommended that the Executive Sub Committee for Property commits the Council to making 132 Princes Road, 219 and 239 Union Street and 6 Enfield Street available for 30-years as affordable housing.

REASONS

14. The commitment will ensure Middlesbrough Community Land Trust (CLT) is in a position to draw down empty homes funding to bring these properties back into use.

BACKGROUND PAPERS

Middlesbrough Council (2013) Executive Sub Committee for Property: *Bringing Empty Properties Back Into Use As Affordable Housing*, 29th July 2013

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