

REPORT TO: Cabinet Member Regeneration
Cabinet
DATE: 27th October 2010
28th October 2010
SUBJECT: Licence to Demolish Properties in the Klondyke Area
between SMBC and Adactus Housing Association
**WARDS
AFFECTED:** Linacre, Derby, Litherland, Church, Netherton & Orrell

REPORT OF: Alan Lunt - Neighbourhoods and Investment Programmes
Director
**CONTACT
OFFICER:** Tom Clay, HMR Programme Manager
0151-934 4849

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:
To describe the reasons for entering into a licence to allow the Council to demolish vacant properties in the Klondyke area in the ownership of Adactus Housing Association, and to seek approval of Cabinet to enter into the Licence.

REASON WHY DECISION REQUIRED:

The Neighbourhoods and Investment Programmes Director does not have delegated authority to make decisions relating to such matters.

RECOMMENDATION(S):

That Cabinet approves the Council entering into a Licence to allow the Council to demolish vacant properties owned by Adactus Housing Association in the Klondyke area, subject to the financial resources being available to do so.

KEY DECISION: No

FORWARD PLAN: N/A

IMPLEMENTATION DATE: Upon the expiry of the call in period for the minutes of the meeting

ALTERNATIVE OPTIONS: The Council could choose not to enter into such a licence. This would mean that the vacant terraces of property in the Klondyke would remain a target for crime and antisocial behaviour.

The Council could choose to buy the properties from Adactus Housing Association and then demolish them. However, this would mean finding substantial resources (£2-3 million) to do so.

IMPLICATIONS:

Budget/Policy Framework: None

Financial: Funding for these demolitions will either use slippage in the current year's HMR funded programme and/or HMR funding in 2011/12 and beyond. This will be subject to a separate approval as and when the resources are available.

<u>CAPITAL EXPENDITURE</u>	2010 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: The Acting Head of Legal Services has been consulted in the preparation of this report. The Licence has been prepared by the Legal Services Department.

Risk Assessment: The Risk Assessment shows that the demolition of the properties will reduce the risks to public safety and the risks to the Council.

Asset Management: No implications- the properties are due to be demolished in any case as part over the overall

HMR Programme for the Klondyke.

CONSULTATION UNDERTAKEN/VIEWS

FD 529 - The Interim Head of Corporate Finance & Information Services has been consulted and his comments have been incorporated into this report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		X	
2	Creating Safe Communities	X		
3	Jobs and Prosperity	X		
4	Improving Health and Well-Being	X		
5	Environmental Sustainability	X		
6	Creating Inclusive Communities		X	
7	Improving the Quality of Council Services and Strengthening local Democracy		X	
8	Children and Young People	X		

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None.

1.0 Background

- 1.1 As part of the Housing Market Renewal (HMR) programme for the Klondyke area of South Sefton, the Council is currently acquiring properties for demolition from private owners, both owner occupiers and private landlords, as and when residents are rehoused or properties become vacant, in most of the area known as Phases 2 and 3.
- 1.2 The Council's lead RSL for the area is Adactus Housing Association. Approximately 204 houses in this area are currently owned by Adactus Housing Association, who purchased them from Riverside Housing Association in 2008. These properties are 'pepper potted' around the area, but constitute nearly half of the 445 houses.
- 1.3 Under the normal course of events, the Council would also buy the properties from Adactus as they too became empty. Given the constraints on the Council's resources and on the grant in aid from the Homes and Communities Agency for the HMR programme, it has been agreed that, in lieu of the Council buying Adactus property at market value, which would cost the Council several million pounds, instead, Adactus will hold an interest in its land and that this interest will be transferred to the Council's lead developer partner (or other developer) at a later date for development for the value of that interest.
- 1.4 In the meantime, the properties are gradually becoming empty. 168 properties had been purchased at 30th September with vacant possession by the Council, and 160 properties are vacant and owned by Adactus.
- 1.5 There are now complete terraces and lengths of terraces that are empty. These properties are increasingly the focus of antisocial behaviour and crime, and there has been a spate of arson attacks on some of the vacant properties. This is causing considerable distress to the remaining residents, and increased expenditure by the emergency services, and by the Council in continually having to attend and resecure properties or carry out 'make safe' works.
- 1.6 It has therefore been proposed by the Council and agreed by Adactus that they are prepared to enter into a licence agreement with the Council which will permit the Council to demolish terraces and groups of properties owned in their entirety by the Council and Adactus when they become vacant.
- 1.7 The licence will operate on a 'draw down' basis ie the Council will 'put' a group of properties to Adactus as being empty and ready for demolition, and Adactus will then carry out the necessary checks before confirming this. Because of the need to remove services, carry out asbestos surveys etc., and serve statutory notices, it will then be several weeks before the demolition proper can start on each block.
- 1.8 Because of the restriction on resources, it is unlikely that much demolition in Phase 2 and 3 of the Klondyke will be achieved in the current financial year, but

with the licence in place, vacant blocks can be demolished swiftly as resources become available.

2.0 Conclusion

- 2.1 Entering into a licence agreement with Adactus will enable the council to quickly demolish property in the Klondyke as resources become available, thus reducing the risk of crime and anti social behaviour related to vacant properties and reducing void security costs for the Council and Adactus.