

North Tyneside Council

Report to the Elected Mayor

Date: 6 April 2020

Title: Empty Homes Programme - Charlotte Street, Wallsend

Portfolio: Housing

Cabinet Member: Councillor Steven Cox

Report from Service Area: Regeneration & Economic Development

Responsible Officer: John Sparkes - Head of Regeneration & Economic Development

Phil Scott – Head of Environment, Housing and Leisure

Wards affected: Wallsend

PART 1

1.1 Executive Summary:

Charlotte Street in Wallsend is an area which is suffering from the blight caused by long-term empty homes. The proliferation of the empty homes has led to an increase in crime and anti-social behaviour and has resulted in a negative impact on the street scene, community confidence and an increase in complaints to the Authority and other agencies.

In order to directly address these issues and halt further decline, the Authority has, with funds from the General Fund, purchased 11 of the worst properties in the street from a single private landlord. These are all 'Tyneside Flats' and some of which the Authority now owns both the upstairs and downstairs properties. Following consultation with the Cabinet Member for Housing and stakeholders a preferred approach to achieving their sustainable reuse has been developed. This report seeks approval for the Housing Revenue Account to purchase the properties for redevelopment and to let the properties at an affordable rent.

The approach involves the conversion of eight of the properties (where the Authority owns both the upstairs and downstairs flat) into four family homes and the refurbishment of the three remaining flats. All properties will be refurbished to the Authority's decent homes standard and will be retained by the Authority and let to applicants from the Authority's housing register in line with the prevailing criteria.

1.2 Recommendations:

It is recommended that the Elected Mayor:

- (1) approves the transfer of the eleven properties in Charlotte Street, Wallsend purchased as part of the Authority's empty homes programme into the Housing Revenue Account following the appropriate reimbursement of the General Fund; and
- (2) authorises the Head of Environment, Housing and Leisure to take all necessary or appropriate steps to progress the conversion and refurbishment of the eleven properties as outlined at 1.5.3. in compliance with the Authority's Constitution, Financial Regulations, Contract Standing Orders and any other relevant requirements.

1.3 Forward Plan:

It has not been practicable to give 5 clear days' notice of this report and it does not therefore appear on the Forward Plan. However, it is required to be considered without the twenty-eight days' notice being given due the potential delay and uncertainty in relation to the next Cabinet meeting.

A decision will allow the scheme to proceed at the earliest opportunity and will ensure that the properties in question are brought back into use for residential purposes and address ongoing concerns and detriment caused within the local community. The properties are presently empty and although they have been secured, may continue to be a draw for further fly tipping and anti-social behaviour, until works commence.

In accordance with the urgency provisions contained in the Authority's Constitution, approval has been obtained from the Chair of the Overview, Scrutiny and Development Committee to this report being considered as a matter of urgency.

1.4 Council Plan and Policy Framework

This report relates to the 'Our Places' priority in the 2020/24 Our North Tyneside Plan. Specifically, Our Places will:

"Be great places to live by focusing on what is important to local people, such as by tackling the derelict properties that are blighting some of our neighbourhoods".

1.5 Information:

1.5.1 Background

Charlotte Street in Wallsend has suffered issues with fly tipping, suspected 'rogue landlords' and poor property conditions as well as suffering from a higher than average crime rate and anti-social behaviour (ASB). Much of this has been associated with the proliferation of a high number of problematic empty homes in the street.

Officers of the Authority have been working with the police and other agencies to tackle these issues and regenerate the physical and social conditions in the area generally, and specifically in Charlotte Street. Liaison with residents has indicated that despite these issues, residents remain committed to the area and would like issues tackled as opposed to rehousing outside the area.

Intervention in the area was identified as a priority for the Howden and Wallsend Partnership. As a result of multi-agency activity in the area an opportunity arose for the Authority to directly address many of the issues outlined by acquiring eleven long-term empty 'Tyneside flat' style

properties in Charlotte Street. These properties were formally part of a portfolio of eleven properties in the ownership of a “rogue” landlord targeted for enforcement action by the Authority’s community protection teams. The properties were under the instruction of receivers Begbies Traynor.

Following a briefing of the Cabinet Member for Housing and the Head of Environment, Housing and Leisure on the 23rd May 2019 and subsequent briefings of Strategic Property Group and Investment Programme Board authority was given in line with officer delegations to make offers to purchase each of the properties directly from the receiver in order to gain control of the properties, arrest further decline and develop a long term plan for their sustainable reuse.

1.5.2. Current Position

The Authority completed the purchase of the properties on the 15th January 2020 for a total purchase price of £240,701. Environmental works have been undertaken to clear the rear yards of the properties and fencing erected to deter further fly tipping and safeguard the public.

In developing a sustainable reuse option officers have consulted with local stakeholders, estate agents, other local authorities and independent property professionals to assess the current market. This has also included assessment of demand and tenancy sustainability of Authority stock nearby.

The Authority’s construction team have undertaken detailed cost estimates to refurbish the properties both utilising the current floor plans and considering the conversion of flats to family homes where possible. In consultation with the Cabinet Member for Housing, Strategic Property Group and Investment Programme Board the approach outlined at 1.5.3 has been developed. This approach it is envisaged will deliver an improved physical environment, clear community benefits and increased stability.

1.5.3. Recommended Approach - Undertake conversion of flats to family homes

The Authority’s in-house teams will complete the design works, procure contractors as appropriate and oversee the refurbishment and conversion of eight flats into four family homes along with the refurbishment of the remaining three flats.

The properties will be retained by the Authority within the Housing Revenue Account to provide additional affordable housing.

An impact assessment of the right to buy has been considered and the 15 year “cost floor rule” would be applicable to this scheme. When a local authority builds or acquires a property an element of protection for the investment is provided by the “cost floor rule”. In this instance for the first 15 years should the property be sold under the right to buy then the purchaser would pay at least the total scheme costs (cost floor) or the full market value.

Homes England have indicated that an application for grant assistance would be welcomed to support the financial viability of this approach should it be necessary.

1.5.4. Advantages of Recommended Approach

There is good demand for family accommodation in Wallsend and Authority-built property nearby presents the picture of a more stable mixed tenure community (see Appendix).

The approach will improve the long-term stability of the street by reducing the oversupply of flats (by 16%), securing sustainable reoccupation of the properties with the potential to increase owner occupation over the medium term.

Seven additional affordable housing units, including four family homes will be provided.

It will ensure that private landlords cannot re-enter the market for a considerable period.

This approach has received unreserved positive support from stakeholders, specifically from Northumbria Police and “My Wallsend Town” community group, due in the main to the potential positive changes in the profile of the street.

There is an opportunity for ongoing positive publicity and news coverage for the area.

There is an opportunity for elements of the construction to be completed by local contractors with the utilisation of the councils working roots and apprentice programmes at appropriate stages in the process.

There is the potential overall reduction in requests for Authority and other public services in the area. For example, Environmental Health report 10% of all complaints (borough wide) have centred on Charlotte Street over the past year.

1.6 **Decision options:**

The following decision options are available for consideration by the Elected Mayor:

Option 1

The Elected Mayor may accept the recommendation at paragraph 1.2 of this report to allow the eleven long term empty homes in Charlotte Street, Wallsend to be refurbished and provided for rent as affordable housing.

Option 2

The Elected Mayor may reject the recommendation at paragraph 1.2 of this report and ask officers to consider other options for the 11 properties now in the ownership of the Authority.

Option 1 is the recommended option.

1.7 **Reasons for recommended option:**

Option 1 is recommended for the following reasons:

In addition to the advantages outlined at 1.5.4. by retaining the maximum amount of control over the construction and reoccupation process this approach provides the platform for proactive area management and targeted enforcement by police,

environment and community safety teams in order to maximise the positive impact of the physical improvements proposed.

1.8 Appendices:

Appendix: Housing Demand and Stability

1.9 Contact officers:

John Sparkes - Head of Regeneration and Economic Development, - Tel (0191) 643 6091

Roy Marston - Senior Manager – Housing Strategy and Support - Tel: (0191) 643 7580

Darrell Campbell – Senior Business Partner (Strategic Finance) Tel: (0191) 6437052

Robert Peach – Private Sector Housing Coordinator Tel: 07974576848

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

Investment Programme Board 18th March 2020 – Agenda Item 5e Briefing Charlotte Street Preferred Option

[Agenda item 5e IPB Briefing Charlotte Street Preferred Option .doc](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 The cost of the purchase of the properties is £240,701 with the estimated cost of refurbishment £431,594 (4 houses and 3 flats). An estimated unit cost for the converted properties is set out below:

Cost estimates per unit

House Conversion Scheme	Refurbishment Costs (per unit)
Average Works Cost	£68,820
Average Purchase Price (2 Flats)	£43,762
Total Unit Cost	£112,582
Flat Refurbishment Scheme	Refurbishment Costs (per unit)
Average Works Cost	£52,105
Average Purchase Price (per Flat)	£21,881
Total Unit Cost	£73,986

2.1.2. The financial treatment of the purchase of these properties would be to refund the Empty Homes Capital budget with the costs of the purchase in the 2019-20 financial year and move the costs into the HRA Investment Plan New Build programme (which includes conversions). This has the added benefit of enabling an increased empty homes provision for recycling the available general fund funding, and to increase the number of private sector leasing arrangements or further interventions across the borough in the future.

2.2 Legal

Section 122 of the Local Government Act 1972 permits the Authority to appropriate for any purpose for which the Authority is authorised to acquire land, any land which belongs to the Authority and is no longer required for the purpose for which it is held immediately prior to the transfer.

Where works are not delivered directly by the in-house Housing Property and Construction Team, contracts will be procured in accordance with the Authority's Contract Standing Orders, the Public Contracts Regulations 2015 or existing Frameworks will be utilised.

2.3 Consultation/community engagement

2.3.1 Consultation has taken place with the Cabinet Member for Housing, Strategic Property Group and Investment Programme Board to ensure alignment with the Our North Tyneside Plan

2.3.2 A solution to the problems caused by the properties in question was a key action for the Authority as part of the Howdon and Wallsend Partnership Action Plan, further consultation has been undertaken with Northumbria Police and "My Wallsend Town" community group.

2.4 Human rights

There are no human rights issues arising from this report

2.5 Equalities and diversity

There are no equality and diversity issues arising from this report

2.6 Risk management

Project management arrangements are subject to overview by Investment Programme Board governance. An officer project group will oversee the refurbishment programme and create and manage a risk register.

2.7 Crime and disorder

The project aims to contribute to the reduction of crime and antisocial behaviour in the area and supports the strategic objectives of the Safer North Tyneside Partnership.

2.8 Environment and sustainability

The reuse of empty homes provides an environmentally sustainable solution to maximising overall housing supply and procuring affordable housing.

PART 3 - SIGN OFF

- Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy and Customer Service

Appendix Housing Demand and Stability

i. Demand for housing in Wallsend

Property Type	1 Bed		2 Bed		3 Bed		All	
	Average Number of Bids	adverts	Average Number of Bids	adverts	Average Number of Bids	adverts	Average Number of Bids	adverts
Bungalow	17	4					17	4
Flat	9	1	4	1			7	2
Ground floor flat	14	15	6	17			10	32
House	29	1	29	7	17	1	28	9
Maisonette					7	1	7	1
Sheltered Lower	1	4					1	4
Sheltered Upper	2	6					2	6
Upper flat			4	10	10	1	4	11
Grand Total	11	31	10	35	11	3	10	69

ii. Charlotte Street Stable Community

Current and Former Council Stock in Charlotte Street (South)	
Council	10
Owner	11
Private Landlord	6

Length of residence	
Years	Households
less than 2	3
between 2 and 5	3
between 5 and 10	5
between 10 and 20	6
between 20 and 30	2
over 30	8