



## Officer Decision Record

### 1. Subject and details of the matter (to include reasons for the decision)

The Council were awarded funding to establish a Community Housing Organisation to purchase and refurbish empty properties in the East Marsh. The funding amounted to £203,000 and provided project support, capital costs to purchase an initial two houses and to carry out community engagement.

The Council have worked with East Marsh United, to develop a Community Benefits Society which is the preferred model by Homes England as it benefits all the community and not just a specific sector. The East Marsh Community limited has in place an Articles of Association which have been approved by the Charity Commission in the application to become a Community Benefits Society, setting out they will own and manage the Doorstep an ethical lettings agency.

The Community agreed to prioritise Rutland Street as they considered this to be the street in highest need of intervention and support and it had a volume of empty homes, crime, and anti-social behaviour.

The Project Officer within NELC commenced detailed work to map the empty properties and identify owners, writing to them with the intention of trying to purchase on behalf of the community housing organisation. It was clear that owners of empty property along Rutland Street often have extensive negative equity which meant they were unable to sell for the current market value.

Working with the Empty Homes Team, they identified a property; 128 Rutland Street, Grimsby which has remained empty for 13 years.

The property has previously attracted anti-social behaviour and there is substantial damage caused by intruders who have vandalised the property.

The owner is unable to carry out repairs to re-let the property due to insufficient funds. The owner has a mortgage of around £25,000. The property has had an Royal Institute of Chartered Surveyors valuation completed by Jackson Green and Preston, recommended the value is £20,000. The charity can pay £20,000 for the property through funding from government. This funding will also pay for the refurbishment works which are likely to cost around £40,000.

As per the Housing Assistance and Disabled Adaptation Policy 2019, policy the Council has the ability to bridge and subsidise the purchase to enable the sale and bring a further property back into use. The cost of this to the Council is £5,000. Funding for the additional payment will be taken from the Empty Property Budget, providing funding to bring properties back into use. There is sufficient funding in the budget for this transaction.

To proceed with this action provides value for money, taking into consideration:

Compulsory purchase would be costly and take up to 2 years to complete. Costs for compulsory purchase will include the mandatory Home Loss payment "The Home Loss Payments (Prescribed Amounts) (England) Regulations 2020 at £6,500. In addition this would put a strain on resource, require legal costs which may include a barrister in the event of a public inquiry should the owner decide to challenge. Including the capital required to purchase the property, costs could increase up to £50,000.

The property is not eligible for an Empty Dwelling Management Order under the Housing Act 2004. Provisions within the act enable the Council to take over a property for up to 7 years. The rental income received within 7 years, should repay the cost of the original refurbishment works and costs to manage the property. The works will cost around £40,000. As rental income for the property is likely to be around £399. Over seven years, the total income received is likely around £33k. This does not take into consideration deducting fees, repairs, and maintenance, and does not repay the original £40k investment.

If the ODR is approved, this will be the third property to be owned by the community housing organisation, who have previously purchased two properties through Lincolnshire Housing Partnership.

Previously, the Council approved a decision to purchase 109 and 155 Rutland Street. These are nearing completion and let imminently through Doorstep.

The property details are as follows;

**128 Rutland Street, Grimsby, DN32 7NE**

The property is currently offered for sale by a private owner and is a long-term empty property of 13 years. The condition is poor, requiring major refurbishment. A schedule of works has been completed and competitively tendered.

The costs are as follows.

Agreed Purchase Price: £ 20,000

Refurbishment Works: £ 40,000

Total Cost: £60,000

Once in the organisations ownership, the properties will be refurbished and let through a local housing charity Doorstep which will provide a positive and safe pathway for vulnerable clients to manage a tenancy.

**2. Is it a Key Decision as defined in the Constitution?**

No

**3. Details of Decision**

1. For the Director for Economy and Growth to release the sum of £5,000.00 to support the acquisition of 128 Rutland Street Grimsby by East Marsh Community Limited in accordance with the Housing Assistance and Disabled Adaptation Policy 2019.

**4. Is it an Urgent Decision? If yes, specify the reasons for urgency Urgent decisions will require sign off by the relevant scrutiny chair(s) as not subject to call in.**

No

**5. Anticipated outcome(s)**

The anticipated outcome is that the Council approve this decision, releasing funds to enable the purchase of 128 Rutland Street Grimsby, in the name of the East Marsh Community Limited.

**6. Details of any alternative options considered and rejected by the officer when making the decision**

Alternative option would see NELC take ownership and liability (including costs to secure the properties).

This idea was rejected due to the risk of increased costs to secure and maintain the property, also it is in breach of the original funding bid from Homes England, to purchase assets for a community housing group in the East Marsh.

**7. Background documents considered**

Community Benefits Society Constitution (see attached).

**8. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons**

No

**9. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)**

There are no known conflicts of interest

**10. Monitoring Officer Comments (Monitoring Officer or Deputy Monitoring Officer)**

Legal implications have been largely covered in the above narrative. The decision is to release a modest amount of capital in accordance with extant policies with a view to achieving clear and supported outcomes.

### **11. Section 151 Officer Comments (Deputy S151 Officer or nominee)**

The required additional £5k Council funding to facilitate the purchase of the property can be covered from existing approved capital budgets. Overall, progressing this way, rather than via compulsory purchase, is more cost effective and efficient.

### **12. Human Resource Comments (Strategic Workforce Lead or nominee)**

There are no direct HR implications

### **13. Risk Assessment (in accordance with the Report Writing Guide)**

Risk

#### **The Community Group may fold in the future**

This has been considered. There is an asset lock in the organisations constitution which means the asset has to be transferred to a similar housing organisation, in the event that they cease trading or go into financial difficulties. Similar organisations exist so the risks can be mitigated.

#### **The Community Group are not experienced landlords**

The group are working with the Council, Locality and Ongo (North Lincolnshire based Registered Provider) to set up systems and processes. They also have an experienced Finance Officer who is supporting them to develop compliant finance systems.

#### **The Community Group could use the funding for other projects**

We have checked this and the constitution states that funding can only be used for the purpose of providing housing.

#### **Homes England may be unhappy with this approach**

Homes England have made it clear they are keen to see the community take ownership of the properties, once they are a Community Benefits Society. As they have achieved this status, they comply with Homes England's requirements.

Opportunities

### **Regeneration of Rutland Street, Grimsby**

Rutland Street has one of the highest ratios of unoccupied properties. The street has high levels of crime and anti-social behaviour and requires intervention to stop the problems deepening further. This street is a priority with the community group who are keen to see the area improve. The community owning properties along this street and employing local trainees to carry out refurbishment works is a positive message and supports a ground roots up approach to regenerating the area.

### **Better quality housing and management practices**

The community intend to offer social contracts with tenants and provide an ethical landlord service. This will help support regenerating this street.

#### **14. Decision Maker(s):**

Name: Mark Nearney

Title: Assistant Director of Housing and  
Interim Assistant Director of Highways,  
Transport and Planning

Signed: approve via email

Dated: 25<sup>th</sup> September 2020

#### **15. Consultation carried out with Portfolio Holder(s):**

Name: Councillor John Fenty

Title: Portfolio Holder for  
Regeneration, Skills and Housing

Signed: approved via email

Dated: 25<sup>th</sup> September 2020

#### **16. If the decision is urgent then consultation should be carried out with the relevant Scrutiny Chair/Mayor/Deputy Mayor**

Name:

Title:

Signed:

Dated:

## APPENDIX 1 – Email Approval

From: Cllr John Fenty (NELC) <John.Fenty@nelincs.gov.uk>

Sent: 25 September 2020 09:55

To: Mark Nearney (NELC) <Mark.Nearney@nelincs.gov.uk>

Subject: Re: ODR East Marsh BS 128 Rutland Street.docx

Very supportive of this ODR thank you Mark.

Another successful outcome and well done

Regards Cllr John Fenty

07712398656

On 25 Sep 2020, at 09:24, Mark Nearney (NELC) <Mark.Nearney@nelincs.gov.uk> wrote:

Dear Cllr,

I am supportive of the proposal. It removes another empty property and creates a gateway of supported housing for those in need.

If in support, an email back conform, would be welcomed and provide appropriate governance.

Thanks

Mark

Mark Nearney, Assistant Director of Housing

and Interim Assistant Director of Highways, Transport and Planning

North East Lincolnshire Council

Municipal Offices , Town Hall Square, Grimsby, DN31 1HU

Tel: 01472 324122 Mobile: 07826 344556

Email: [Mark.Nearney@nelincs.gov.uk](mailto:Mark.Nearney@nelincs.gov.uk) /[www.nelincs.gov.uk](http://www.nelincs.gov.uk)