

Appendix A – Property A Case Details and Cost Implications of CPO

History

The property is registered as a second home but neighbours confirm that it has been empty for around 3 years, although in all likelihood it is much longer. The neighbours who complained brought the property to the attention of the Empty Homes Officer; it is not registered as empty on Council Tax records. The owner resides in Dorset. The owners circumstances might be a contributory factor to not progressing the sale of the property, as the owner has suggested would happen. Neighbours confirm that until 2 years ago the owner came back to the house and spent time maintaining the property. There is no council tax debt other than ongoing charge which is being paid by direct debit. Owner has been charged single person discount since 1st April 1993.

Description

The property is a single storey detached bungalow and in very poor condition. It has seriously dilapidated in the past 2 years. It is in a residential area that comprises a wide mix of properties, both older and newer construction. The property is at the centre of a village area and the majority of the other properties in the area are in a good condition and well maintained. The village is a desirable place to live and the negative impact of this particular property is acknowledged by neighbours.

The property is in a seriously run down condition.

The front and rear gardens are overgrown and the internal store door has been breached and has left this part of the property open. Neighbours have complained about the condition of the front and side gardens to the property. The side garden has a particularly poor impact on the next door neighbour, who is struggling to control the overgrowth of ivy on the fencing.

A full internal inspection was undertaken through a Court Warrant on 1st November 2016. Previous Notices of Entry appointments have not been kept.

The property has five bedrooms, a living room, kitchen and two bathrooms. It is not water tight, with significant damage caused from extreme damp ingress in the rear addition, through the roof and walls.

There is evidence of asbestos. The kitchen and bathroom facilities are minimal and the heating system is poorly installed. Wiring needs renewing and there is evidence of a rat infestation in the kitchen. There are numerous other structural repairs required to walls, windows and parts of the floor.

Actions to date

The Council's Empty Property Officer has written to the owner at his home address in Dorset and at the empty property address (the property is not on the Land Register) several times between 2013 and 2016, offering assistance and advice to bring the property back into use but also asking the owner what their intentions are. The Officer has also spoken directly with the owner.

The owner has responded to correspondence confirming that he has personal issues. The owner has stated an intention to sell the property but no progress has been made to date. The owner was served with Notice of Intended Entry under the Housing Act 1985 and the Housing Act 2004 but neither the owner nor a representative attended the property during the planned visit in February 2016.

A final letter confirming the intention to progress enforcement action was sent on 1st March 2016. A warrant to enter the property forcibly was enacted on 1st November 2016.

Consideration for Empty Dwelling Management Order (EDMO)

Account must be taken of the costs of repair to Decent Homes Standard and the costs of associated management (assumed for these purposes to be 15% of the rental value) and a 2% of rental income taken as maintenance over the 7 year period.

All costs associated with serving and carrying out the functions of an EDMO are recoverable under statute either via rental receipts or through a legal charge on the property or direct recovery from the owner (if this is practicable).

Estimated renovation costs to make habitable	£76,250
7 year Management costs @15% of rental income	£9,286
Maintenance (estimated 2% rental income)	£1,238
Fee for Residential property Tribunal	£150
Insurance for 7 years	£1,400

Total costs	£88,594
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Rental Income (*Local Reference Rent – Market Rent as assessed by Rent Officer Service*)

Local R Rent at September 2010 for a 4 bedroom property	£204.49 per week
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Monthly Rental £886.12 X 7 Years (<i>no increase</i>)	£ 74,434
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Shortfall	£14,160
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It will not be possible to recover the cost of refurbishment and redevelopment in the 7 years available under the EDMO over 7 full years unless a full market rent was charged. This, however, would not meet affordable housing need.

CPO costs for an uncontested case (Back to back sale)

Property cost (subject to independent valuation)	£340,000
Basic loss payment (7.5% of purchase cost)	£25,500
Vendor's Agent fees	£2,000
Vendor's legal fees	£1,000
Stamp Duty Land Tax (5%)	£17,000
Insurance	£100
Legal costs (Kent LS)	£1,500
Land registry	£500
Misc costs	£1,000
LGSS costs (estimated)	£1,000
Secretary of State costs (estimated)	£1,500

Total	£391,100
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If the valuations are disputed and contested by the owner, the case would be heard by the Lands Tribunal. This would result in additional legal costs of between £4,000 and £7,000, depending upon the decision of the Lands Tribunal. This makes it important to offer a realistic valuation to the property owner.

If contested and the Council loses, all costs of the objectors are payable by the Council. These are unknown.

Council costs may be applied for but are not guaranteed to be paid from the proceeds of the sale.