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Report of: Mick Crofts

Report to: Cabinet

Date of Decision:

Subject: THE CITY OF SHEFFIELD (1, 3 & 5 Mount Pleasant)
COMPULSORY PURCHASE ORDER 2021

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>
- Affects 2 or more Wards	<input type="checkbox"/>
Which Cabinet Member Portfolio does this relate to? Neighbourhoods and Community Safety	
Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities	
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 812	
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-	
<p><i>“Appendix 4 is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>	

Purpose of Report:

The purpose of this report is to seek authority to make a Compulsory Purchase Order in respect of 1, 3 & 5 Mount Pleasant, Sheffield, S35 2WD to allow these dwellings to be renovated and occupied. There is demand for this type of property within the area. The dwellings are empty and have a particularly detrimental effect on the neighbourhood in this area. Compulsory Purchase is the most appropriate course of action.

Recommendations:

R1) That authority be given to the Council to make a Compulsory Purchase Order ("CPO") under the powers conferred by Section 17 Housing Act 1985 to acquire all land interests in respect of the land coloured pink as shown on the Order Map, attached at Appendix 3, with title 'The City of Sheffield (1, 3 & 5 Mount Pleasant) Compulsory Purchase Order 2021' (the "Order Land").

R2) That the Director of Legal & Governance be authorised to make the CPO for the Order Land, to take all necessary procedural steps prior to and after the making of the CPO, to enable the CPO to be submitted to the Secretary of State for confirmation including:

- a) Finalising the attached draft Statement of Reasons, at Appendix 1;
- b) Serving notices of the making of the CPO on all persons entitled to such notice and placing all necessary notices in the press and on/around the Order Land;
- c) To submit the CPO to the Secretary of State for confirmation as soon as possible following making of the CPO; and
- d) To self-confirm the CPO if authorised to do by the Secretary of State.

R3) That the Director of Legal & Governance be authorised to sign and serve any notices or documents necessary to give effect to these recommendations and to take all the other actions necessary to give effect to these recommendations.

R4) As soon as the CPO is confirmed by the Secretary of State or self -confirmed where authorised by the Secretary of State, the Director of Legal & Governance be authorised to advertise the confirmation of the CPO and serve all necessary notices of the confirmation and once the CPO becomes operative, the Director of Legal & Governance in consultation with the Executive Director of Resources be authorised to execute General Vesting Declarations under the Compulsory Purchase (Vesting Declarations) Act 1981, at the earliest opportunity and to thereafter serve all necessary documents and notices of the vesting of the Order Land in the Council.

R5) That the Executive Director Place, in consultation with the Director of Legal & Governance and the Executive Director of Resources be authorised to manage the compulsory purchase process in accordance with all statutory requirements and to otherwise promote or supporting the promotion of confirmation of the CPO including the preparation of and giving of evidence at any public inquiry.

R6) That the Chief Property Officer be authorised to agree terms for the acquisition of Order Land and to instruct the Director of Legal and Governance to complete the necessary documents.

R7) That upon the completion of the acquisition of Order Land, the Chief Property Officer be authorised to negotiate the disposal of the land and to instruct the Director of Legal and Governance to complete all the necessary legal documents for the completion of the disposal.

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Karen Jones
		Legal: Brendan Twomey
		Equalities: Louise Nunn
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Mick Crofts
3	Cabinet Member consulted:	Paul Wood
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Neil Dunk	Job Title: Legal & Policy Officer
	Date: 17 August 2021	

1. PROPOSAL

- 1.1 The proposal is that the Council compulsorily purchase a small terrace of houses (the Property) comprising three dwellings: 1, 3 and 5 Mount Pleasant, Sheffield, S35 2WD (the Dwellings). The purpose of acquiring the Property is to enable these Dwellings to be refurbished and brought back into use. The reason for this proposal is that due to the lack of progress from the owner in carrying out refurbishment of the Dwellings, along with any meaningful proposals for bringing them back into occupation, the Council believes that they will remain in a state of serious disrepair and unoccupied without Council intervention. Obtaining a compulsory purchase order (CPO) will enable the Property to be disposed of on the open market for a new owner to renovate the Dwellings and arrange for them to be occupied. The Council has powers to make a CPO for the acquisition of land for the purpose of providing housing. This power includes the acquisition of empty dwellings as an option of last resort where there appears to be no other prospect of those empty dwellings being brought back into use. The Statement of Reasons sets out the reasons why the Council wishes to purchase the Property.
- 1.2 As part of the Council Housing Acquisition Strategy, consideration was given as to whether the Property should be acquired for the purpose of Council housing. An assessment was carried out to determine the viability of the Property for this purpose. The outcome of this assessment was that, given the poor condition of the Dwellings, the refurbishment costs would be significant and therefore the acquisition for Council housing was not financially viable. The decision was therefore made not to pursue this option.
- 1.3 Consideration was also given to the option of the Council carrying out the renovations and then selling the dwellings on. However, after considering issues around upfront costs and implementation, and the Council's belief that if sold at auction the dwellings would be renovated and put back into occupation within a reasonable time, it was decided not to pursue this option. Under this option, the Council would need to incur significant additional upfront costs. The dwellings are in serious disrepair and lie within 0.38 acres of unmaintained land, which is in a very poor condition. In addition, it was considered that this option would involve a significant implementation process, including surveying and planning the works, carrying out necessary renovations and other development works that may be required, as well as the sale of the Dwellings. The expectation is that the Council would not be able to recoup its costs for some time. Further, the Council's confidence that there is a demand for the Property if sold at auction was confirmed following discussion with a leading auctioneer in Sheffield. They confirmed in June 2021 that, if the Property was placed into auction, they expected that it would be bought by a local developer to restore the dwellings for resale or rental. Further, that there was a strong demand amongst first time buyers for smaller properties of this nature and that there continues to be strong demand amongst developers, influenced by a growing shortage of restoration opportunities of this nature. Further evidence of the demand for one and two bedroom housing in the area is the Housing Market Profiles (HMP) 2019,

which reveals that there is a need for such properties for newly forming households in the Chapeltown/Ecclesfield area as these sized properties make up the biggest shortfall in the area. In addition, covenants shall be placed on the sale, making it a requirement that the dwellings are refurbished within 12 months of purchase and occupied within 18 months, which the Council will monitor and if necessary, enforce.

- 1.4 1 and 5 Mount Pleasant are one-bed roomed end terrace houses, and 3 Mount Pleasant is a two-bedroomed mid terrace house, all of stone fronted, slate roofed construction and Council Tax records reveal that the Dwellings have been empty since at least April 1999. A plan of the land proposed to be acquired has been prepared entitled “Map referred in The City of Sheffield (1, 3 & 5 Mount Pleasant) Compulsory Purchase Order 2021” and is displayed at Appendix 3 to this report and submitted to Cabinet for approval. The map shows the land to be acquired coloured pink.
- 1.5 The Dwellings are in a poor state of repair and all three have category 1 hazards present including damp and mould, excess cold, falls associated with stairs and entry by intruders.
- 1.6 Since the Council initially visited the Property in 2010, a number of complaints have been received about the condition of the Dwelling.
- 1.7 The Council has written to the owner on a number of occasions, with four letters sent in 2019 attempting to engage with the owner in order to seek a voluntary solution to the serious disrepair of these Dwellings. Despite the owner’s repeated claims that he was going to sell the Dwellings, there has been no satisfactory progress made by the owner to dispose of them.
- 1.8 In February 2017, with respect to all 3 Dwellings, Improvement Notices were served on the owner relating to category 1 hazards. Hazards observed are damp and mould, excess cold, falls associated with stairs and entry by intruders. No works to comply with the notices have been observed.
- 1.9 In June 2019, the Council wrote to the owner advising that the Council’s intention was to seek a CPO in respect of the Properties but, as an alternative, the Council would offer to purchase the Properties by agreement at their open market value. The Council repeated this offer to purchase the Properties by agreement in a letter sent to the owner in July 2019 and again in January 2021. No response was received to these offers.
- 1.10 The Council’s proposals, including further details on the properties, their history and previous Council involvement, are included in the Statement of Reasons set out in Appendix 1 to this report.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 This proposal supports the following Council objectives set out in its ‘Our Sheffield One – Year Plan 2021/22’.

Communities and Neighbourhoods

- 2.2 The Plan notes “Too many parts of the city suffer from poor quality housing, often in specific parts of the private rented sector, while some don’t have access to a home at all”. Further that there are “significant shortfalls of affordable homes for sale or rent”. Therefore, the renovation and reoccupation of the Dwellings will help meet the identified housing need within the city in line with the Plan’s goal of “High quality, safe homes for all our citizens”.
- 2.3 An important goal under the Plan is to “tackle anti-social behaviour in all neighbourhoods”. The Council has received a number of complaints in respect of the Dwellings including reports that they have been vandalised and been the subject of anti-social behaviour, fly tipping and sightings of vermin in the badly overgrown gardens. Enabling the Dwellings to be put back into occupation will remove these negative impacts on the local community. The Dwellings also suffer from a category 1 hazard of excess cold.
- 2.4 The Council is committed to increasing the availability of residential accommodation within Sheffield and the Sheffield Plan Issues and Options published by the Council in September 2020 <https://www.sheffield.gov.uk/home/planning-development/emerging-sheffield-plan-draft> says ‘An average of about 2,185 homes per year (including homes needed to replace those that are demolished or converted to other uses) are needed to meet the demands of a growing population’. Bringing empty properties back into occupation supports this goal of increased housing provision in the city.
- 2.5 Over half a million people live in Sheffield. Of those, around 75% of households are in the private sector; either as an owner occupier or a private renter (*Source: 2011 Census for Sheffield*). <https://www.sheffield.gov.uk/your-city-council/sheffield-profile/population-and-health/2011-census.html>. There is a growing population in Sheffield (*Source: 2011 Census for Sheffield*) <https://www.sheffield.gov.uk/your-city-council/sheffield-profile/population-and-health/2011-census/key-statistics.html>) which puts an increased strain on demand for good quality, affordable housing.
- 2.6 Many people in Sheffield choose to live in the city long term, with nearly three quarters of people moving home within the city’s boundary. (*Source: Sheffield City Council Corporate Plan 2015-18*) However, in recent years, the house building rate has fallen substantially compared to pre-recession rates (*Source: State of Sheffield reports - <https://www.sheffieldfirst.com/key-documents/state-of-sheffield.html>*).
- 2.7 Although it is not illegal for owners to leave their property empty, the Council chooses to work pro-actively in bringing problematic empty properties back into use. By tackling such empty properties in this manner, it demonstrates the Council’s commitment to acting pro-actively in preventing such a waste of housing provision and the many negative effects empty properties can have on a neighbourhood.

Climate change, economy and development

2.8 Bringing long term empty properties back into occupation increases the local population and thereby contributes towards creating conditions for local businesses to grow. The success of local businesses acts as a catalyst in attracting further investment and with it, economic growth.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 There is no statutory requirement to consult on these proposals. However, neighbours of 1, 3 & 5 Mount Pleasant have made repeated complaints regarding the condition of these Dwellings and the Council has engaged with them to discuss their concerns.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

In carrying out any of its functions, the Council needs to be mindful of the Public Sector Equality Duty ('PSED') contained in Section 149 of the Equality Act 2010. Amongst other things this duty requires the Council to have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race; religion or belief, sex and sexual orientation. The Council in the development of these proposals has had regard to its PSED and considers that the proposals do not give rise to any equality issues under this duty. See Equality Impact Assessment in Appendix 2.

4.2 Financial and Commercial Implications

The Council will be required to pay compensation to the current owner based upon the open market value of the Property, having regard to the condition that the Dwellings are in at the time the Council takes possession. The Council will also be required to pay the surveyors' and legal fees and the costs of public notices which are incurred as a result of the compulsory purchase. The owner may also be entitled to a basic loss payment of 7.5% of the open market value. The Council will incur costs and may, but does not expect, to recover these from the sale proceeds.

The costs are detailed in Appendix 4 and will be met out of Private Housing Standards' budget. It is anticipated that the cost of the purchase price will be met from the sale proceeds and the Private Housing Standards budget will be refunded to that degree. It is likely that the sale proceeds will not cover the costs Council incurs in acquisition and subsequent disposal of the Property. The shortfall between the costs and sale proceeds will be met by the above mentioned budget.

Officer time relating to this proposal will be met from already approved Private Housing Standard budgets.

4.3 Legal Implications

Under section 17 Housing Act 1985 the Council has powers to make a CPO for the acquisition of land for the purpose of providing housing. This power includes the acquisition of empty properties where there appears to be no other prospect of those empty properties being brought back into use. The Statement of Reasons attached as Appendix 1 to this report sets out the reasons why the Council wishes to purchase the Properties. It also sets out the justification for compulsory purchase and addresses the Human Rights implications.

The Council, to enable it to make the CPO, is required to take certain actions, including serving a notice of the making of the CPO, on all relevant parties and submitting the CPO to the Secretary of State, for approval. The report recommendations provide the necessary authority for the exercise of these functions.

Where the CPO is confirmed, the Council will need to acquire the land and once this is achieved, deal with the disposal of the land, to achieve the purpose for making the CPO. The report's recommendations provide the necessary authority for the exercise of these functions.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Demolition

The Dwellings are in a state of disrepair empowering the Council to take various steps to remedy the problem, including renovation and demolition. Demolition will not result in the provision of housing as it is believed that it is unlikely the owner would rebuild should this option be taken.

5.2 Renovation

An officer from the Council's Private Housing Standards team first visited the Properties in February 2010 and found them to be vacant. From this date, the Council has not observed or received any information, that the properties have been occupied. The owner has taken inadequate steps to prevent their deterioration despite the Council writing on several occasions to the owner to express their concern over the condition of the properties and asking for the owner to explain his intentions for renovation and bringing the properties back into occupation. In addition, the Council has served Improvement Notices in respect of category 1 hazards observed that do not appear to have been complied with. It is therefore unlikely, should the Council do works in default, that this would result in the improvements to the Properties being sustained.

In those circumstances this option would be a poor use of limited resources and unlikely to achieve its purpose.

5.3 Empty Dwelling Management Orders

These orders enable the Council to effectively step into the shoes of the owner and manage the property. However, prior to occupation, the Council would have to refurbish the property. Given the poor condition of the property, the cost of bringing it up to a habitable condition is likely to be significant. Furthermore, it is doubtful that the rental income would cover the costs within the timescale of the EDMO, which is seven years. Therefore, it is highly likely that the Council would be unable to recover the significant costs of refurbishment, making this option inappropriate.

5.4 Purchase by Agreement

The Council have actively pursued this option which would have enabled it to sell the Property at auction, so that the Dwellings could be renovated and reoccupied. The Council has written to the owner on a number of occasions offering to purchase the Property by agreement. No response was received by the Council to these offers. If the owner was willing to engage, this is an option the Council would wish to pursue.

5.5 Compulsory Purchase

All attempts at working with the owner have failed, as detailed in the Statement of Reasons. Due to the owner's failure to take proper action, the Dwellings, for which there is a demand, have remained in a poor state of repair for a significant period and there is little prospect of them being brought back into occupation. Compulsorily purchasing the Property is currently the only feasible option to ensure the renovation and re-occupation of the Dwellings. For these reasons, this is the preferred option.

6. REASONS FOR RECOMMENDATIONS

6.1 The Dwellings have been vacant since at least 2010 and are in a poor state of repair, attracting anti-social behaviour and are having a negative impact on the local community. There is a demand for these types of dwellings within Sheffield and the Council has, with limited success, attempted to engage with the Property owner, in an effort to get the Dwellings back into occupation, including an offer to purchase them by agreement. In addition, particularly in respect of recent enforcement action taken by the Council, the owner has failed to take reasonable steps to make the Dwellings safe. In those circumstances, as an option of last resort, the Council considers, to ensure the Dwellings are put back into occupation, that it is appropriate to seek a CPO in respect of the Property.

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