

Item 6

KEY DECISION

REPORT TO CABINET

15th February 2007

REPORT OF DIRECTOR NEIGHBOURHOOD SERVICES

Compensation Payments for Residents affected by Selective Demolition

Portfolio Housing

1. SUMMARY

- 1.1 The Council has identified the three priority communities of Chilton West, Dean Bank, Ferryhill and Ferryhill Station for intervention, each area has significant amounts of older private sector housing, predominately pre 1919 terraced housing, facing the issues of falling or static house prices, often high levels of empty homes, increased private landlord ownership and deteriorating quality of life for residents.
- 1.2 The three areas are currently subject to the proposals outlined in the Master Plan adopted by Cabinet on 13th July 2006, which will result in some selective clearance of the housing to support regeneration. Owner-occupiers who will be affected by clearance are often low-income households for whom the opportunity of accessing alternative suitable housing is limited by the low value of their homes and limited income.
- 1.3 The purpose of the report is to approve the discretionary payment of Home Loss Payment, Disturbance Payments and Fees including solicitor's fees, surveyor's fees and early redemption fees on mortgages for the owners and tenants of properties where the Council has entered into negotiation to purchase within the Master Plan areas of Dean Bank, Ferryhill Station and Chilton West and the payment of fees only in the purchase of property from private landlords.

2. RECOMMENDATION

- 2.1 That payment of Home Loss Payment and Disturbance Payment be introduced to assist the negotiated purchase of property required to implement the Master Plan proposals adopted by Cabinet on 13th July 2006.

3. BACKGROUND

- 3.1 The Council has identified the three priority communities of Chilton West, Dean Bank, Ferryhill and Ferryhill Station for intervention, each area has significant amounts of older private sector housing, predominately pre 1919 terraced housing, facing the issues of falling or static house prices, often high levels of empty homes, increased private landlord ownership and deteriorating quality of life for residents.
- 3.2 The three areas are currently subject to the proposals outlined in the Master Plan adopted by Cabinet on 13th July 2006, which will result in some selective clearance of the housing to support regeneration. Owners and tenants who will be affected by clearance are often low-income households for whom the opportunity of accessing alternative suitable housing is limited by the low value of their homes and limited income.
- 3.3 Once a Compulsory Purchase Order is declared by the Council payments for Home Loss and Disturbance will become statutory, however, it is considered that due to the low house prices and low incomes suffered by owners and tenants in these areas, early settlement of these additional payments will provide the necessary incentive to facilitate implementation of the Master Plan by negotiation, prior to compulsory purchase being declared.
- 3.4 Home Loss Payment is assessed at 10% of the market value of the property or £4,000 whichever is the higher. Disturbance Payment is an allowance paid to cover the removal expenses upon production of receipts for costs incurred (including fees), and is intended to ensure that the claimant is left 'no better off, no worse off' as a result of the purchase and relocation from their home.
- 3.5 Residents are aware of the statutory compensation due upon declaration of a Compulsory Purchase Order (CPO). Many are unable to meet the shortfall between the Market Value of their existing home and acquiring a new home without the benefit of this statutory compensation. The statutory CPO process could add lengthy delays to the implementation of the Master Plan leading to the further decline of the affected areas.

4. RESOURCE IMPLICATIONS

- 4.1 As Home Loss and Disturbance payment is a statutory provision for properties acquired by compulsory purchase these elements have been factored into the agreed capital programme bid for Housing Market Renewal based on the number of properties to be acquired and the projected sums required per property. These payments account for approximately £1,183,000 in phase 1 of the master plan (2007 – 2010).

5. CONSULTATION

This report has been prepared after consultation with the Masterplan delivery project management team.

6. **OTHER MATERIAL CONSIDERATIONS**

6.1 **Links to Corporate Ambitions / Values**

The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, which are linked, to the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe neighbourhoods. The delivery of the master planning exercise for the priority communities supported by a suitable relocation package will play a direct role in the delivery of these ambitions.

6.2 **Risk Management**

The key risk associated with the payment of compensation is that of resources. Funding has been secured to deliver the interventions outlined in Phase 1 of the Master Plan to be carried out during years 1 – 3 of the plan commencing in 2007.

6.3 **Health & Safety**

Timely implementation of the Master Plan proposals will ensure that no significant Health and Safety issues arise.

6.4 **Equality & Diversity**

The Council's duties in terms of promoting equality and diversity have been taken into account in the recommendation arising from this report and the compensation package will be available to both owner occupiers and the tenants of private landlords who are in occupation and are displaced by the acquisition of the property.

6.5 **Sustainability**

One of the objectives of the Master Plan proposals is to improve the housing choices available to meet current and future demand and to support economic growth by providing modern attractive homes in sustainable neighbourhoods, which will contribute to the delivery of sustainable communities throughout the Borough.

6.6 **Crime & Disorder**

The Council's duty under Section 17 of the Crime & Disorder Act 1998 has been taken into account in considering the recommendation made in this report.

6.7 **Legal & Constitutional**

The guidance relating to compensation payments issued by the Department of Communities and Local Government has been considered in the making the recommendation arising from this report.

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

None

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Wards: All

Background Papers:

DCLG Guidance relating to Compulsory Purchase and Compensation
Coalfields Housing Renewal - Masterplanning - Report to Cabinet
Private Sector Housing Capital Programme and the Single Housing investment
Programme Round 2 - Report to Cabinet
Relocation Packages for Residents affected by Selective Demolition – Report to
Management Team

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>