



# Manchester City Councils Empty Property Works, Options Policies and Procedures 2007

Overview Presentation by  
Dave Stott Head of Private Sector Operations  
Garry Wilson Principal Programme Manager  
Housing Services  
Manchester City Council



## Empty Property Works

- We have used all the metaphor's from tool kits and tools to now illnesses and cures. We have been Bricklayers to Doctors and all for empty homes. All will become clear I promise. But before we go into the terminal options a little word or warning,
- There are many good owners of empty homes who need help and advise, aspirins and TLC for example.



## Empty Property Works

- MCC have lots of these types of options
- From Landlord Accreditation, Small Incentives, loans and Equity Share options, Rentwise, Bond Schemes, Voluntary Acquire Schemes, Assisted Sales, Partner RSL Management Schemes , to Facelifts and Streets Scene Grants



## Empty Property Works



- Agreement
- Advice and options
- Always willing to work with willing Owners



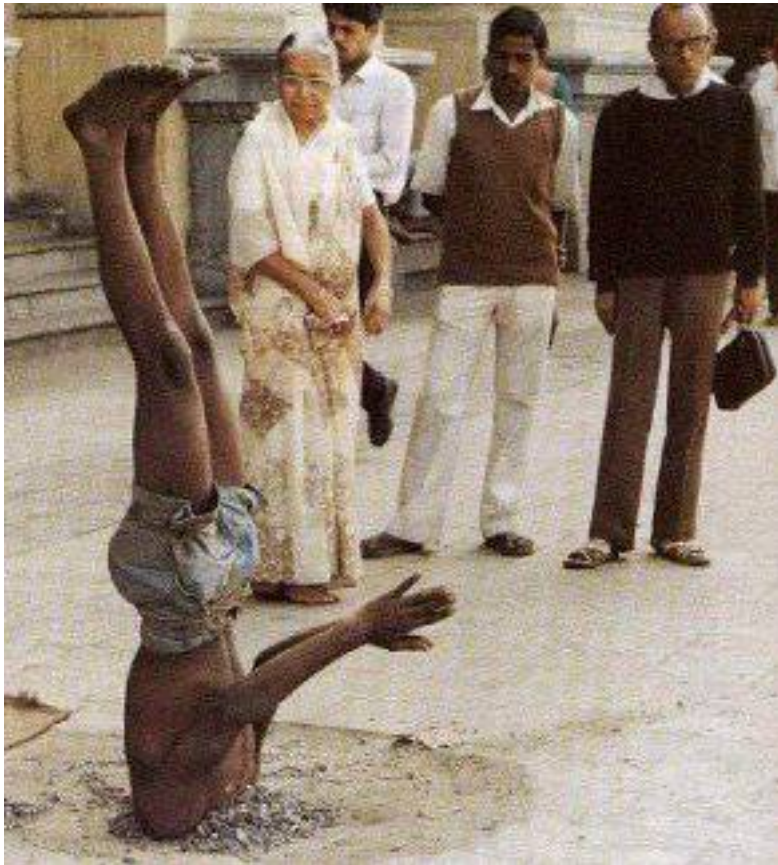
## Empty Property Works



- But we are not here today to talk about those willing owners.
- We are here to talk about how we treat the 'crazy' people. Mad as hatters and jokers wild.
- Garry used to go into a hot flush after that description but now only has a twitch when in 100 mts of a bad one



## Empty Property Works



- Here we have a prime example of an owner with his head buried in the sand!!
- Absolutely crazy property owners but perhaps not so funny, for the residents they effect



## Empty Property Works

- Add to these special categories some other reasons
- Funny Money
- Die Hard
- Non Commercial
- Couldn't Care Less
- Dead or and Disputes and just walked away
- You all know that work on empty private property is complex and not easy
- We are going to describe the maximum power we can and do use, i.e. take the properties off these people



## Works In Default ‘ The Basics’

- After the service of the Notice, WID is the start of most of our formal actions and powers
- Work in default in MCC is centrally controlled
- All expired legal notices are processed through the wid team
- Ensures legal and audit proof system
- Is the start of all our enforcement treatments
- MCC expend circa 800k per annum



# Works in Default Finance

- We Pay For
  - Payments To Contractors
  - Land Registry Fees
  - Vat Payments
- We Recover
  - Payments To Contractors
  - Establishment Charges
  - Land Registry Fees
  - Vat Payments which are exempted when in conjunction with Statutory Responsibilities



# Manchester City Council 2007 Establishment Charges

## WORKS IN DEFAULT ESTABLISHMENT CHARGES BANDING SYSTEM

| BAND LETTER | ACTUAL COST TO CLIENT (£) | ESTABLISHMENT CHARGE (£) |
|-------------|---------------------------|--------------------------|
| A           | <85                       | 110                      |
| B           | 85-255                    | 161                      |
| C           | 256-510                   | 184                      |
| D           | 511-851                   | 230                      |
| E           | 852-1276                  | 276                      |
| F           | 1277-1702                 | 310                      |
| G           | 1703-2127                 | 330                      |
| H           | 2128-2553                 | 390                      |
| I           | 2554-2978                 | 445                      |
| J           | 2979-3404                 | 500                      |
| K           | 3405-3829                 | 560                      |
| L           | 3830-4255                 | 610                      |
| M           | 4256-4680                 | 670                      |
| N           | 4681-5106                 | 720                      |
| O           | 5107-5531                 | 780                      |
| V           | Over 8000                 | 1200                     |



# Manchester City Council Doctors Options for Action

- WID covers all Tenures Occupied and Empty
- For Today just looking at Empty Properties
- Robust enforcement policy provides the base
- Our focus on the 8 primary empty property treatments and cures
- Never just one treatment or 'one treatment cures all'
- Local solutions for local problems
- Treatment may include a number of actions
- All the treatments to be described are open to you all as a power, it is only the process you require



# Manchester City Council Empty Property Diagnosis

- MCC's Empty Property Strategy includes all the various treatments within this presentation
- Flare Property register database recording case history
- Individual top 20 targets for onward referral
- Centrally controlled Case Conference on options and decision of preferred action



# First Treatment Debt Recovery Standard Procedure

- Main Actions Include
  - Standard debtors letters
  - Land Charged debts
  - Person Charged debts
  - County Court Actions
  - Bailiff Actions
- Advantages
  - Recovers costs outlay
  - Makes asset become a liability
  - Opens dialogue
- Disadvantages
  - Not directly focused on re-let
  - Can not directly bring homes back



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# First Treatment Debt Recovery Standard Procedure





# Second Treatment Further Enforcement Notices

- Proactive inspections
- Breach of Statute
- PDPA
- LGMP
- EHA
- PHA
- BA
- HA
- T&CPA



# Second Treatment Further Enforcement Notices Focus

- Building Act 1984 section 79
- Blight to the area
- Must be a relatively decent area
- Can serve to improve the outside look of the property
- Solid Statute Law
- Town & Country Planning Act section 215
- Amenity of the area or land
- Can be served on land and buildings
- Caution does not cover all titles on land charge
- Can be made to recover and sell property within charging order remit see C/Tax recovery
- Solid Statute law



# Second Treatment Further Enforcement Notices Focus

- Advantages
- All Statute can be used to target a property
- Through WID is the start of extra powers
- Can or will provide powers to sell if no compromise is reached
- Is registered as charges and recoverable
- Disadvantages
- Do not on their own always result in reoccupation



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# *Second Treatment* *Further Enforcement Notices Focus*





# Third Treatment Voluntary Acquisition Process

- Need to have this option
- Use of RSL or Developer partners
- Purchase on agreement Section 22 Grant
- Arrange sale through Auction
- Especially useful pre CPO

- Advantages
- Gains control of property
- Can either sell on or retain within stock
- Resolves issues
- Disadvantages
- Hard to let problems
- Caution with EP purchase LA's owning the worst properties



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# Third Treatment Voluntary Acquisition Process





# Fourth Treatment Compulsory Purchase Powers Area

- CPO Renewal Area  
Section 93 HA 85
- CPO unfitness Section  
285 HA 85
- CPO special EP and  
Planning Powers
- Paving Report,  
Neighbourhood  
Renewal Assessment,
- Secretary Of State  
approval
- Advantages
- Removes heavy blight
- Recovers costs on wid
- Starts Regeneration
- Disadvantages
- Open to Public Enquiry
- Contentious
- Not deemed user friendly
- Relocation issues and  
costly



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# *Fourth Treatment Compulsory Purchase Powers Area*





# Fifth Treatment Compulsory Purchase Powers Single Property

- CPO single property  
Section 17 HA85
- Use of RSL or  
Developer partners
- Property either sold  
when vested or  
refurbished then sold
- Initial costs recovered  
on sale (most cases)
- Secretary of State  
approval
- Advantages
- Does resolve single  
properties
- On selected properties is a  
good option
- Disadvantages
- Is open to Public Enquiry
- Initial outlay of funds
- Have to keep funds for ever  
or decision on 30years



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# *Fifth Treatment Compulsory Purchase Powers Single Property*





# Sixth Treatment Empty Dwelling Management Orders

- All Empty Properties Over 6 months empty and not up to let or sale
- Must be reasonable
- Must make case to RPT
- Interim and Final
- Improve property
- Occupy property 7 14, 21, 28 years
- Advantages
  - Compliments other powers
  - Brings property back
  - MCC use Lead RSLs under open procurement and Framework contract
- Disadvantages
  - Hard to let areas
  - Open to appeal
  - Perhaps not the final option



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# Sixth Treatment Empty Dwelling Management Orders





# Seventh Treatment Enforced Sales Registered and Unregistered

- Enforced Sale procedure
- Requires Land Charge
- Takes first charge
- Covers Unregistered Titles
- Will be detailed later



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# Seventh Treatment Enforced Sales Registered and Unregistered





# Eighth Treatment Enforced Sales Council Tax or Other Debt

- Special Enforced Sale
- Does not need land charge
- Does require debt
- Charging order interim and final
- Judicial order for sale
- Preferred or open auction
- Advantages
- Tried and tested
- Quite streamlined 6 months
- Brings property back
- Recovers debt
- Disadvantages
- Stops if debts are paid
- Does not work in heavy blighted areas



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# **Eighth Treatment Enforced Sales** **Council Tax or Other Debt**





# Manchester City Council Empty Property Summary

- Can use more than one treatment
- Specific treatments based on diagnosis on property, history and circumstances
- Treatments compliment each other EDMO, ESP and Enforcement Notices being an example
- Final part of this presentation will focus specifically on MCC's Enforced Sale Procedure



# Enforced Sale The Basics

- 1925 Law of Property Act
- Restrictions to use
- Types of titles Registered or Unregistered
- Types of process ESP standard and Charging order for C/Tax. For today only the standard
- Types of sale open and preferred
- Does it Work



# Enforced Sale How it Works

- Empty Property
- Notices not Complied With
- Land Charges Registered
- Who Can Nominate Properties
- Property Inspected by Enf/S Team
- Property Accepted by Enf/S Team



# Enforced Sale The Process

- Property File Prepared
- All Original Notices Reserved
- L of P sect 103 served
- 3 Month Time Limit
- File Authorised by Director
- Completed File Formally Issued to the Property Section Lawyers City Solicitors to proceed with standard procedure



# Enforced Sale The Registration

- Check All Is Satisfactory
- Check The Title And Write To All Interested Parties
- Complete Resolution And Apply To Register Charge
- The Charge Is Registered
- The Charge is Deemed as 1<sup>st</sup> charge



# Enforced Sale Registration To Sale

- Monthly Meetings
- Auction or Preferred Owner Route
- Repayment Prior To Sale
- Why No Covenants as to Repair



# Enforced Sale Human Rights Implications

- Human Rights Act 1998
- 3 Types of Right: Absolute, Qualified, Limited
- Part 1 First Protocol
- Article 8 'Right to a Private Life' Qualified Right
- Severely reduced to qualify by breach of statute law
- Part 11 First Protocol
- Article 1 'Protection of Property' Limited Right
- Severely reduced to limited right by breach of statute law



# Enforced Sale The Preferred Sale

- The Property Is Sold
- Proceeds Left After The Discharge Of The Charges.
- Remaining Proceeds to other Mortgagors or Chargees if any
- Sirref and Holding Bank Account
- Proceeds` remaining kept for 12 years
- Section 29 LGMP in LPSA2 F&F



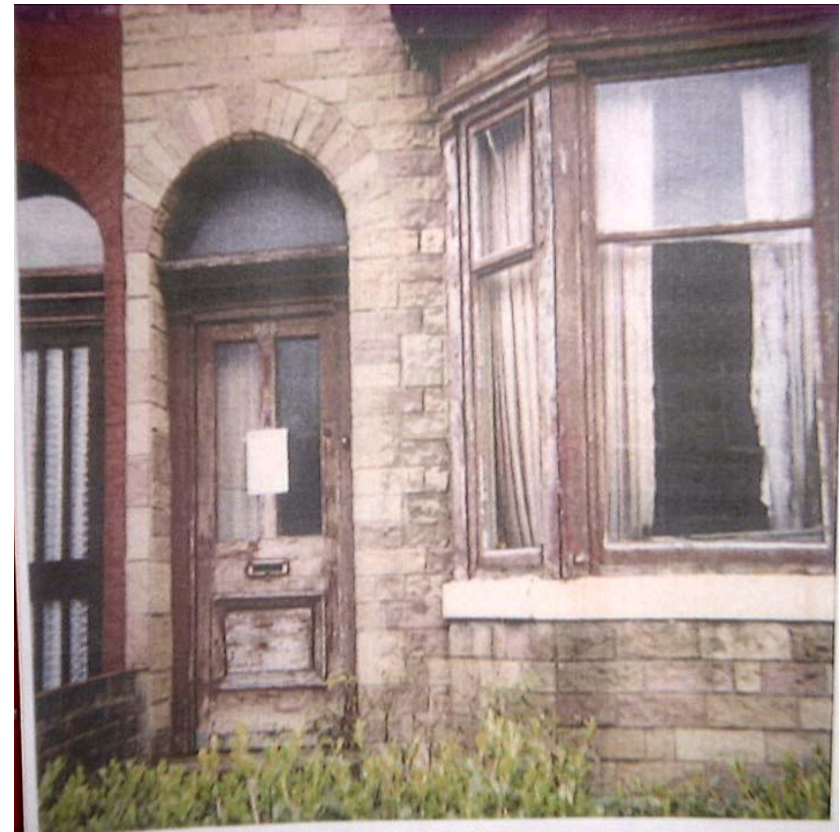
# Enforced Sale The Proceeds

- These Figures are only on properties actually sold
- Ratio through to auction is around 12 to 1 in Manchester
- Land Charges £527,599.52
- Housing Costs £64,400.00
- Solicitors Costs £37,791.00
- Valuer's Cost £68,603.00
- Total £698,393.52



# Enforced Sale Case File *prior*

- 255 St Mary's Road,  
New Moston
- Empty for 11 years
- Blighting the Area
- Only Empty on the  
Row
- Water ingress to  
properties
- WID carried out in 94





# Enforced Sale Case File *after*



- Case opened 1999
- Property sold Dec 2000
- Proceeds £19,500
- Debts £2,623.56
- Costs of action £1655.38
- £15,221.00 left to claim
- Sold to Owner Occupier
- Property nicest in Row



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# Enforced Sale The Old 'Before and After' Shot





## Enforced Sale Achieved to Date

- 86 Properties Sold
- £911,385.53 in ESP Sirref
- 633 Property Land Charge Debts Repaid
- £1517,000.00 Land Charge Debts Paid
- ESP Guide sold to over 100 Councils
- 2 National Awards Won
- Included in ODPM policy on Empty Homes Guidance  
Good Practice example in the Empty Homes Agency  
tackling blight. Good Practice example in the CIH  
guidance on empty home actions



# Enforced Sale Disadvantages



- Does not work in Heavy Market Decline Areas
- Can be stopped if debts are paid



# Enforced Sale Advantages



- Quicker than CPO
- Never own the property
- Twin Aims
  - a) bring property back into use
  - b) recover debts
- Appeals to High Court



## Enforced Sale Final Comment

- With the advent of the EDMO within the Housing Act 2004 together with the ESP they have expanded the situations when used together they are the most viable and expedient way to resolve problematic properties.
- Main point again is that there is not a one treatment cures all illness, it depends on the diagnosis



## Enforced Sale Information

- There is a guide that you can obtain for a small fee
- You are more than welcome to visit MCC and see our systems. Perhaps not all at once
- Please ask any questions you may have.



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**Thank You Any Questions**

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