

Item No.	Classification: Open	Date: 25 January 2016	Meeting Name: Housing & Community Safety Scrutiny Sub-Committee
Report title:		Empty homes	
Ward(s) or groups affected:		All	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATION(S)

1. The committee is asked to note the efforts being made by the council to minimise the number of empty council homes and tackle empty homes in the private sector.
2. The committee is also asked to note the recent performance improvements achieved by the council in reducing the time taken to re-let council homes and in improving the levels of customer satisfaction with this process.

BACKGROUND INFORMATION

3. At a time when demand for housing is extremely high across London, minimising the number of empty homes in the borough is a key priority for the council in order to ensure that Southwark residents have access to the maximum number of homes possible. As well as helping to address a high level of housing need, minimising the amount of time that council homes are empty is a more efficient use of the housing stock and maximises the rental income available to the council.
4. Empty homes that are neglected can cause issues for neighbours; depressing the value of adjacent homes and potentially attracting antisocial behaviour such as nuisance, squatting and criminal activity. This can all represent an additional burden on local authorities and emergency services, and the expectation from central Government is that tackling empty homes is best achieved through locally led interventions.
5. As well as prioritising the management of empty council homes, the council has a range of tools at its disposal to tackle empty homes in the private sector. This report sets out the council's recent performance in relation to empty council homes and the progress made in tackling empty private sector homes in the borough.

EMPTY COUNCIL HOMES

6. Overall responsibility for the voids and lettings process in relation to council homes rests with the repairs and maintenance team within the asset management division of the housing and modernisation department.

The number of empty council homes¹

	March 2013	March 2014	March 2015	Nov 2015
Total LBS housing stock	35,889	34,872	34,135	33,603
Number of Minor voids at period end	65	125	31	51
Number of Major voids at period end	80	193	97	108
Total number of Minor and Major voids at period end	145	318	128	159
<i>Voids as a percentage of LBS housing stock</i>	<i>0.4%</i>	<i>0.91%</i>	<i>0.37%</i>	<i>0.47%</i>

7. Major voids are usually large-scale works that either extend or improve the life of a building. A Major void is classed as such if an existing tenant would have had to be decanted in order for the works to take place. This definition is also applied to any void property subject to major works, not just those in major works programmes, and could include:

- Structural works, including floors, walls, roofs, or window and door replacements
- Site works to remedy the safety and security of tenants, such as asbestos removal
- Works to address timber and pest issues, such as bed bugs, fleas and cockroaches
- Consequential works as a result of major works
- Damage caused to buildings by a peril or major event such as fire, flood, subsidence or ground heave will normally fall under the council's buildings insurance policy. In these circumstances residents would most likely be decanted from their home, and the property will fall within the major voids programme, so that a longer-term determination can be made about the cost benefit of any major works investment.

Long-term empty council homes^{1 2}

	March 2013	March 2014	March 2015	Nov 2015
Total LBS housing stock	35,889	34,872	34,135	33,603
Number not for re-let at period end	245	251	314	360
<i>Voids as a percentage of LBS housing stock</i>	<i>0.7%</i>	<i>0.72%</i>	<i>0.92%</i>	<i>1.07%</i>

8. There has been an increase in the number of long-term council voids in recent years. 82 per cent of long term voids in the borough at present are as a result of planned major regeneration work in the borough, made up of decants from the Aylesbury Estate, Elmington Estate, Maydew House and Lakanal House. The majority of these empty homes are currently being utilised as temporary accommodation for homeless households as an alternative to costly nightly paid temporary accommodation, particularly on the Aylesbury Estate and in Maydew House.

9. The remainder of the council's long-term voids consist of properties being renovated through

¹ The number of empty homes is subject to in-year fluctuation. The figures presented represent the level of void properties at the end of each relevant period and do not include tenant managed (TMO) properties.

² Long-term voids are known as 'Non-active voids'; and are properties identified for demolition, disposal or not for re-let in the short term

the council's major voids programme, properties being adapted for disabled use, and properties due to be sold or being refurbished for sale.

Average re-let times for council homes³

	Financial year 2012/13	Financial year 2013/14	Financial year 2014/15	Year to date (Nov 2015)
Number of minor re-lets	1,112	705	477	289
Average days void to let ⁴	29.6	35.4	43.6	32.24
Number of major re-lets ⁵	617	716	927	446
Average days ready to let	9.64	12.52	13.16	10.07
Total number of minor and major re-lets	1,729	1,421	1,404	735
Average days ready to let	22.46	23.87	23.51	18.79

10. The council's performance on the average number of days taken to let a property has seen a significant improvement in 2015/16 compared to previous years, achieving year to date performance of 18.79 days against a performance target of 22 days.
11. Limited HouseMark⁶ benchmarking data is available in relation to void re-let times, further details of which can be found in the appendix of this paper on page eight.
12. A total of **1,194** council re-lets are anticipated in 2015/16, which is lower than in previous years. The main factor in this reduction of available lets is the re-housing of decanted tenants from Wendover and homeless applicants from the Elmington Estate. In addition, **478** homes have been sold under right to buy in the last 20 months, there have been fewer mutual exchanges, and some properties are being utilised as temporary accommodation.

Tenant satisfaction with the voids and letting process

	Financial year 2012/13	Financial year 2013/14	Financial year 2014/15	Year to date (Nov 2015)
Satisfaction with the allocations & lettings process	90%	91%	90%	94%
Satisfaction with the condition of the property	72%	90%	92%	96%

13. Customer satisfaction with the allocations and lettings process, as well as the condition of let properties has improved significantly in recent years. The main reason for this

³ The figures presented here do not include tenant managed (TMO) properties.

⁴ The minor void period is calculated in calendar days from the day after a tenancy is terminated up to the date when a new tenancy agreement starts.

⁵ The major void period shown here is calculated in calendar days from when the dwelling is handed back to the organisation up to the date when a new tenancy agreement starts. This excludes any period during which major works refurbishment is underway, when the property is squatted, when a property is due to be handed over to or in use by the police, and where the Home Office takes over a property to use for asylum seekers.

⁶ HouseMark is a housing membership-based organisation with over 950 subscribers, and is a source of cross-sector performance and benchmarking data

improvement was the introduction of a higher specification void standard that included full decoration in all properties. In order to main the void standard and improve customer satisfaction, the council also now ensures that there is working electricity and gas in properties where possible, and that boilers are serviced and operational so new tenants are able to move in immediately. Prospective tenants are also offered two opportunities to view a property before they commit to signing the tenancy agreement, ensuring that they are satisfied with their new home and increasing the likelihood of a successfully sustained tenancy in the longer term.

The number of empty tenant management organisation (TMO) properties

	Financial year 2013/14	Financial year 2014/15	Year to date (Apr-Sep 2015)
Cumulative total number of void properties over financial year	94	91	34
Average days ready to let	18.7	29.2	74

14. Information about void tenant management organisation (TMO) properties is recorded separately to other council homes and reported in a different way. Rather than showing the number of void properties at a particular point in time, the above data shows the cumulative number of TMO properties that became void over a financial year. The overall number of void properties has remained relatively stable in recent years, however the average time taken to let void TMO properties has increased; which in some instances relates to major voids being handed back to the council for re-servicing and can increase the turnaround time.

Illegal sub-letting

15. As well as reducing the number of council homes available for those with a genuine housing need, illegal subletting of council homes costs the local authority thousands of pounds every year in recovery costs.
16. Southwark is at the forefront in tackling tenancy fraud, and is in the top quartile for the number of properties recovered (in excess of **1,000** since 2012), as well as the recovery rate as a percentage of total housing stock. The council has been recognised nationally as a leader in this area of work and received several awards as a result.

Council properties recovered as a result of tenancy fraud

Financial year	SIT team			Resident officers	Total properties recovered
	Tenants	TMOs	RSLs		
2015/16 (year to date)	48	2	4	96	150
2014/15	87	11	18	133	249
2013/14	170	4	54	151	379
2012/13	162	3	19	138	322

17. Wherever possible, the council adopts a proactive approach to tenancy fraud as it is less costly and time consuming to tackle fraud before it takes place. This approach also

minimises the likelihood that vulnerable prospective tenants will be exploited.

18. An example of this proactive approach is the recent launch of the ILATCH web based anti-fraud tool. Members of the public and estate agents can use ILATCH to check if a property is part of the council's housing stock and being illegally sublet, which in turn alerts the council that a property may be advertised as available to rent. The council is then able to respond quickly to avoid deposits being exchanged and illegal subletting from taking place.
19. The housing and modernisation department has a number of other tools in place to tackle social housing fraud, including:
 - **Fraud & validation officers** based in the housing solutions team prevent fraud from entering the system at the point of entry to the housing department.
 - Resident service officers carry out a **two-year tenancy check programme**; 26,076 checks had been carried out as of September 2015.
 - The **special investigations team** (SIT) carry out complex investigations resulting in defended trials and have identified two suitable cases for prosecution under the legislation making illegal subletting a criminal offence.
 - All **right to buy (RTB) applications are checked** and visited where necessary as this has been identified as an emerging fraud risk. The number of RTB applications has increased as a result of the increased discount offered by central Government, and this area of work is prioritised due to the potential permanent loss of council housing stock.
 - Successful cases are **publicised in the media**.
 - A bi-annual **National Fraud Initiative** (NFI) data-matching exercise is conducted.

PRIVATE SECTOR EMPTY HOMES

20. It was estimated in October 2014 that there were approximately **2,050** empty private sector homes in the borough, equating to 2.9 per cent of all private sector housing stock. Empty homes are distributed throughout the borough, although a greater concentration lies within central areas of Southwark. Properties may remain empty for a range of reasons, although very few are ever fully abandoned. Many homes are empty as a result of the inertia of the owners, or due to family disagreements over what to do with inherited properties. Other common reasons include the ill health of owner, or a lack of funding for some owners to repair and refurbish their empty properties.
21. Southwark council established a dedicated service to coordinate and lead a corporate approach to dealing with private sector empty properties in 1996, complementing the work already being done to manage empty council homes. The empty homes team uses incentive and enforcement solutions to bring properties back into use as homes and since April 2013, 250 properties have been brought back into use; in turn creating an additional 35 new homes.
22. Empty homes brought back into use qualify for the **New Homes Bonus**. This scheme enables central Government to match fund the council tax on long-term empty properties brought back into use for six years, using the national average in each band, with an

additional amount being provided for those brought back into use as new affordable homes. The New Homes Bonus was introduced in April 2011 and one of its aims was to encourage more local authorities to tackle empty homes. Since the inception of the New Homes Bonus, the team's work on bringing empty homes into use has contributed to this tangible financial receipt for the council.

23. The tools available to help bring properties back into use are broadly divided into three areas:

Advice options: Owners are helped to overcome any obstacles stopping them from bringing their property back into use. This can range from helping owners to navigate planning rules and offering design advice, to providing support through the construction process where owners undertake repair projects themselves. The council website has a portal dedicated to providing online advice and guidance on empty residential properties.⁷

Funded options: Incentive loans and grants are available to proactive owners of empty homes as a contribution towards the refurbishment or conversion costs of residential or commercial property into housing. Funding comes from corporate resources and other external sources. Empty properties can also be refurbished and leased by a social enterprise or housing charities who in turn take a nomination from the council.

Nominations / social housing renting options: These options are available to owners who wish to rent their property either by self managing tenants nominated by the council, or leasing to the council or our partners. These properties are then used to provide temporary accommodation for residents until the council can offer or find a more permanent home.

24. Where all efforts to work in cooperation with an owner fail, the empty homes team will use enforcement powers to bring about a property's reuse. The general powers used for empty homes are Empty Dwelling Management Orders (EDMOs) and Compulsory Purchase Orders (CPO):

- **EDMOs** enable the council to take over the temporary management of an empty property for up to seven years, and all costs incurred by the authority to do this must be recouped within this time frame.
- **CPOs** offer local authorities the power to take over land, houses or other properties to increase the number of houses available or improve the quality of the housing stock. The main use of this power is to get land for housing, and includes bringing empty properties back into use as homes, and improving substandard ones.

25. Southwark council generally favours the use of CPOs over EDMOs as the repair costs incurred through EDMOs are often higher than those of other boroughs due to the older housing stock present in the borough.⁸

26. Southwark has successfully used CPO powers to bring problematic and very long term

⁷ http://www.southwark.gov.uk/a_to_z/service/731/housing_-_empty_residential_properties

⁸ The average repair and refurbishment costs incurred in Southwark equate to £35,000. In comparison, the average costs in the London Borough of Bexley are approximately £15,000.

empty properties back into use to ensure reoccupation and a transfer to more responsible new owners. Over the last six years the empty homes team has obtained five confirmed CPO's, which had collectively been empty for 88 years. These homes were successfully brought back into use, including the successful acquisition of 549 Lordship Lane; London's first concrete house.⁹ This award winning property now provides five homes to residents on a shared-ownership basis.

27. Other enforcement powers under planning, building control and environmental health legislation are available that compliment empty homes work, which in some cases is enough to prompt an owner to bring their property back into use but can also be used to enhance the effectiveness of further enforcement work. Enforcement will only be used as a very last resort where owners who have been given every opportunity to return their property to use voluntarily, do not do so and where it is in the best interest of the public.

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

28. In April 2013 central Government introduced technical reform to council tax legislation, which offered local authorities the discretion to amend certain council tax discounts and exemptions. As a result, the council introduced the following amendments to council tax discounts in the borough:
- Properties which have been empty and unfurnished for less than two months receive a council tax discount of 100 per cent; however after this period the full charge becomes payable. In January 2016, Council Assembly will consider a recommendation to remove the two month exemption that is currently in place, which if approved will mean that full council tax would remain payable on an empty, unfurnished home.
 - Any property which has been empty for a period greater than two years will be charged an 'empty home premium' of 50 per cent, so a council tax bill for 150 per cent of the usual charge will be payable
 - Properties which would previously have been entitled to a Class A exemption (undergoing major repairs or structural alterations), are now charged 100 per cent council tax unless they are eligible for the empty property discount (see above)
 - Properties which are unoccupied but furnished and properties that are no-one's 'sole or main residence' (e.g. second homes and unoccupied furnished lets) are now charged 100 per cent council tax.
29. Council tax records from October 2015 show that **3,591** homes in the borough were classified as empty, **527** homes were classified as second homes, and that an 'empty home premium' was being levied against a total of **611** homes.

⁹ http://www.southwark.gov.uk/news/article/1685/concrete_house_conservation_picks_up_prestigious_award

APPENDIX - Benchmarked 2014/15 performance on void re-let times

30. The most recent Housemark benchmarking data in relation to void re-let times is from the financial year 2014/15, and is shown in the table below. The benchmarking data is limited in its scope as it only includes details of 43 housing organisations that were willing to submit evidence of their performance. The data must therefore be considered in context, as there is little incentive for a poorly performing organisation to share their data for this purpose.
31. Despite achieving a significant improvement on minor void re-let performance so far in 2015/16, an average performance of 44.16 days in 2014/15 placed Southwark in the bottom quartile for minor void turnaround times.
32. Out of the contributing organisations, Southwark was in the third quartile for major void re-lets in 2014/15. Southwark's benchmarked performance in relation to Major voids (75.3 days) is higher than the performance reported elsewhere in this report (13.16 days), because the benchmarked performance includes the total period of time that major void properties were empty, including any period of major works refurbishments, any occupation by squatters, and any use by the police or Home Office.

Benchmarking information on void re-let times (2014/15)

	Average minor void re-let time	Average major voids re-let time	Average re-let time for minor and major voids
LB Southwark performance	44.16 days¹⁰ (bottom quartile)	75.3 days (3rd quartile)	64.45 days (bottom quartile)
LB Southwark benchmarked position out of contributing organisations	26 th out of 32	16 th out of 30	24 th out of 31
Average top quartile performance	21.53 days	60.71 days	33.69 days
Average median performance	31.36 days	75.05 days	49.50 days
Average bottom quartile performance	38.63 0064ays	102.61 days	61.58 days
Top five benchmarked organisations:	<ul style="list-style-type: none"> Norwich City Council (12.66 days) Wolverhampton Homes (17 days) Wakefield & District Housing (18 days) Lambeth Living (19.4 days) Ascham Homes (20 days) 	<ul style="list-style-type: none"> Wolverhampton Homes (30 days) Norwich City Council (42.1 days) Southern Housing Group (54.2 days) North Tyneside (55.5 days) East Thames Group (55.6 days) 	<ul style="list-style-type: none"> Norwich City Council (16.7 days) Wolverhampton Homes (21 days) Amicus Horizon (26.3 days) Berneslai Homes (28 days) Southern Housing Group (30.1 days)

¹⁰ This figure differs slightly from the performance reported on page three of this paper as HouseMark benchmarking includes re-lets of sheltered accommodation units