

Item No.	Classification: Open	Date: 17 October 2018	Meeting Name: Housing & Environment Scrutiny Committee
Report title:		Empty properties in Southwark	
Ward(s) or groups affected:		Electoral ward(s); All	
From:		Strategic Director of Housing & Modernisation	

1. The Chair of the Housing and Environment Scrutiny Committee has asked for a report on empty properties in the borough, setting out the baseline position for both empty council properties and the private sector. In terms of empty council properties the following information was requested: current turnaround times; the plans that the council has to improve the position and clarifying why some void properties take longer to turnaround than others.

Background Information

2. There are approximately 141,000 residential properties in Southwark. We have 37,500 council tenancies with a further 15,500 leaseholders. In terms of council housing we currently have 664 empty council properties; this represents 1.86% of the stock available for tenants.
3. In terms of the private sector it is difficult to arrive at a conclusive figure. Historically empty properties were subject to a council tax discount, therefore there was a financial incentive for property owners to inform local authorities of their empty properties. Officers from Southwark would verify that such properties were indeed empty and properly eligible for the discount. From 2013 the power to offer discounts became discretionary and Southwark chose to withdraw such discounts. A further complication in assessing the true level of empty properties is the increase in the use of very short-term lettings (such as Air B&B).
4. The number of empty properties in all tenures will be a moving figure and many will be in the usual process of being let or sold. Some of the properties listed will be empty for a very short-period, which could be as little as a day. We estimate that there are 610 private sector properties that have been empty for more than 6 months that will need active work to bring them back into use.

Council Void Properties

5. Empty council properties are often referred to as 'voids', of the 664 council void properties, 499 are not active – in that these will be part of longer-term regeneration scheme or refurbishment program. Properties in this category include empty properties in the Aylesbury estate, Ledbury towers and so on.
6. There are 165 active voids. 11 are in the process of just being received from outgoing tenants, 25 are available to let and the rest are with contractors having works carried out. In addition there are 466 none active voids, these are made up 24 going through the disposal process, 140 awaiting demolition and 302 are awaiting refurbishment.

Void to let times

7. The length of time a property will be empty will vary for a number of reasons. The most relevant factor will be the level of repairs that will be needed. Some properties will need

very minor repairs and can be brought back into use quickly. Other properties will require major works and significant investment to return them to viable use.

8. Over the past few years turn-around times have suffered due to poor contractor performance and other service issues, however we are now showing a marked improvement. We are currently achieving a turn-around time of 33 days against a new council plan target of 28 days. Further service improvements are planned to help us meet the new target. Our recent performance has improved compared to recent years, and is almost back to the top performance of 2015/16.

2015/16	33 Days
2016/17	83 Days
2017/18	107 Days
2017/18 (to date)	33 Days

9. A restructure took place in 2016 which split the team across Resident Services and Asset Management, improved performance was not delivered as a result of this restructure so since December 2017 a temporary structure has been trialled, this brings together all key staff responsible for voids activities within Housing. Alongside this the end-to-end process has been reviewed and streamlined. The new structure also ensures that contractors can be much more closely monitored.
10. In October the Mears contract will end and all voids will be refurbished by the Council's in-house provider Southwark Building Services (SBS). This is expected to help reduce void times further.

Voids Project Group

11. The void project group is co-sponsored by the Strategic Director of Housing and Modernisation and the Director of Resident Services. Membership of the board is made up of representatives from Asset Management, Finance, Housing Options. It is chaired by the Supported Housing Services Manager. The group is responsible for:
 - Managing project dependencies and ensuring that all deliverables are completed on time, within cost and to quality standards
 - Resolving all high level project issues, escalating as appropriate
 - Assessing risks and ensuring appropriate mitigating actions
 - Monitoring the transition from SBS/MEARs to SBS.
 - Formulating work streams, development, testing, implementation, and communications.
12. A major piece of work has recently been commissioned from Housemark. Housemark is the leading organisation in benchmarking performance in the sector, they also provide consultancy support for service transformation projects. Housemark will work with us to review our voids service from end-to-end to help us further improve our performance in this area: looking at our processes, costs, and methodologies, to deliver a leaner voids service. We will also work with Housemark to learn from peer authorities.

Temporary use of void properties

13. There are currently 803 estate properties that are being used as Temporary Accommodation (TA). The bulk of these properties are part of the regeneration of the Aylesbury Estate. These properties will be redeveloped over time, but given the acute

need to house homeless households these properties are being used as TA. As the regeneration programme progresses households will be rehoused and other void properties will become available for TA purposes.

Empty Properties in the private sector

14. The Empty Homes Initiative (EHI) was launched in 1997 and works with owners of privately owned empty properties, helping them to find solutions to bringing their empty property back into residential use. The initiative has successfully helped owners bring over 2,000 empty properties back into residential use
15. The EHI has typically focused on the longer term empty properties, as these often cause the most nuisance, blight neighbourhoods and attract anti social behaviour. Given the nature of these cases they often take considerable time to bring back into use and require the most resources. Southwark Council has some of the oldest private sector stock in London and a large number of heritage buildings, therefore the costs associated to bringing these types of long term properties back into use is often very high. The EHI also deals with all empty properties as they are reported to us as a preventative measure to ensure that the property does not then become a long term empty.
16. The work involves: tracing empty property owners where properties have been reported to the Council and/or identified by the Empty Homes Project Officer (EHPO), investigation to confirm the property is indeed empty and negotiations on how to bring about the property's reuse. Each stage can often be very lengthy due to a range of factors such as: owners not being resident within the borough or indeed the country; the complexity of the issues causing the properties to be empty; or the owners unwillingness or resistance to make a decision on what to do.

The current range of options the council provides to bring properties back in to use

17. A limited amount of funding assistance is available to help owners bring their properties back into use. It is paid as a lump sum on satisfactory completion of the works. A breakdown of the funding is as follows:
 - Empty Homes Grants
 - Available only if used to provide housing for the homeless
 - Grant between £2k to £10k depending on size and condition.
 - Empty Homes Loans
 - Loan of between £2k to £15k depending on size and condition.
 - Empty Homes Energy Grant
 - Awarded in addition to the above funding
 - £1,500 - For energy efficiency works where applicable.
18. In 2017-18 30 properties were brought back into use, through the use of grants, loans and advice.
19. Another funding solution available to owners is a housing provider repair and lease agreement. This option provides empty homes owners with a hassle free way of bringing their empty property back in use. With this option the housing provider will refurbish the property to a good standard, let and manage the property throughout the life of the lease. The rental income will be used to offset any funds put into the scheme by the provider and the owner would receive a reasonable rental income over the term of the lease.

20. The EHI has worked in partnership on a number of schemes, pulling funding resources together in order to reach a desired outcome for both the Council, housing provider and empty home owner. This scheme enables the refurbishment and reuse of an empty property at no up front cost to the owner.
21. Options are available for owners who wish to rent their property either by self managing tenants nominated by the council through Housing Solutions or leasing to the council for direct management. These properties provide temporary accommodation for homeless households and assists owners that either do not wish to manage the property or feel they lack the necessary skill.
22. Providing support and advice helps owners overcome obstacles stopping them from bringing their empty property back into use, this can range from support, connecting owners with potential buyers and talking through the various options.

Enforcement action

23. 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. The EHI seeks to work in partnership with empty homes owners to bring their empty property back into use, but where owners remain uncooperative or untraceable, as a final solution to dealing with a longer term empty we must consider enforcement action. The general powers used for empty homes are Compulsory Purchase Orders (CPO) and Empty Dwelling Management Orders (EDMO).
24. CPOs gives 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. It has been some years since the EHI has had a confirmed CPO, the latest was the successful acquisition of 549 Lordship Lane SE22, London's first concrete house. This scheme produced 5 new homes to residents on a shared ownership basis.
25. 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.
26. The council favours the use of CPOs over EDMOs as the repair costs incurred are often higher than those incurred by other boroughs due to the older housing stock present in the borough. EDMOs are also complex to administer and very few local authorities now use them.
27. Other enforcement powers under planning, building control and environmental health legislation are available that complement empty homes work. In some cases this is enough to prompt an owner to bring their property back into use. These powers can also be used to enhance the effectiveness of further enforcement work.
28. Currently the EHI has identified 5 potential long term empty properties for CPO action. The process often involves years of casework history trying to work with owners to encourage them to bring their empty properties back into use. CPO action is therefore considered a last resort where all attempts fail or where an owner maybe untraceable. The EHI is currently working in collaboration with Property Services and Legal Services in order to obtain a confirmed order. As part of the process, all owners are being written to setting out the intentions of the council that will lead to taking CPO action

Two EHI case studies

29. Old Kent Road (Old fire station)

This property was first registered on the council's empty homes register in 1997 at the start of the empty homes initiative. Following many years of negotiations with the freeholder, he eventually leased the upper floors of the building to a developer, while maintaining the shop below that was continuing to trade throughout this period. The new leaseholders contacted the empty homes team in 2012. The Project Officer worked with the Leaseholders to put together a mixed scheme of private and social housing which brought in over £400k private investment into the local area with £112k of Empty homes funding. The scheme came together and was completed in 2017 producing a total of 8 units, 4 of which were used for council nominations. This is a good example which shows the complexity and the length of time it takes to encourage landlords/empty property owners to bring their properties back into use.

30. Henslowe Road SE22 Empty Homes Loan/ Private Finance

This property had been empty for just under 2 years following probate. The new owners contacted the EHI in January 2017 regarding reduced VAT for renovation works to bring the property back into use. The Empty Homes Officer discussed with the owner the options available to help with funding the renovation works. The owner was successful with their application for an empty homes loan for reoccupation. Works were completed in March 2018 and the property has been reoccupied.

Conclusion

31. Given the significant shortage of suitable housing in London, empty properties represent a wasted resource. Whereas many of these empty properties will be in the usual process of being sold or let, some of these empty properties will need active intervention to ensure that they are brought back into use. In terms of defining a baseline for empty properties, we have definitive records for empty council properties. However, for a number of reasons, explored earlier in this report, it has proved more difficult to produce a definitive picture of the number of empty properties in the private sector. Further work is needed in this area.
32. In terms of the private sector, the council has a number of tools available: advice and guidance to owners; financial support through grants and loans; and enforcement action. Advice, with financial support where needed, has been the most effective route to bringing back properties into use. Enforcement action is taken and properties are being considered for CPO action. The private housing empty homes strategy will be reviewed over the next six months to maximise the effectiveness of our approach.
33. It is acknowledged that there has been a dip in the performance in turning around council voids over recent years. Action has been taken to improve the position and performance this financial year has been close to the council plan target. Further improvements are anticipated with the change programme that has been initiated with the support of Housemark. Further improvements are also expected with the move to a single internal contractor, in SBS, from October 2018.

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