

<b>Item No. 6</b>	<b>Classification:</b> Open	<b>Date:</b> 03 October 2022	<b>Meeting Name:</b> Housing and Community Safety Scrutiny Commission
<b>Report title:</b>		Empty Homes Action Plan – Progress on empty homes	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Darren Merrill, Cabinet Member for Council Homes and Homelessness	

## **RECOMMENDATIONS**

1. For Scrutiny to note the progress towards delivering the Southwark Empty Homes Action Plan.

## **BACKGROUND INFORMATION**

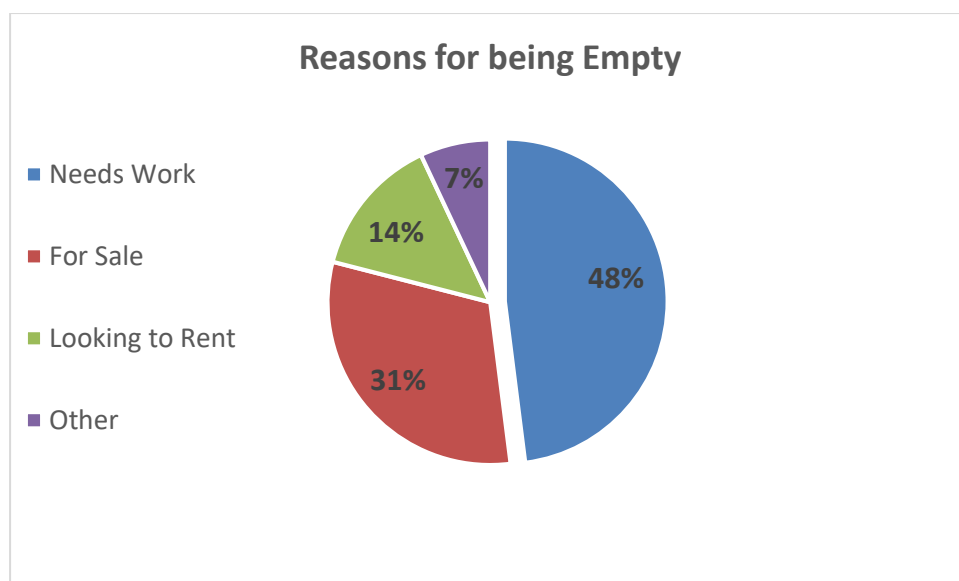
2. Southwark Council has adopted a zero tolerance approach to empty homes given the significant demand for homes in the borough. The Southwark Empty Homes Action Plan was approved by Cabinet in October 2021.  
<https://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?AllId=62258>
3. Many teams from across the council contribute to the plan and the plan is monitored through a group of senior managers. The plan will be updated in October/November using the latest empty homes figures from council tax. This report contains some preliminary figures but the final figures may change slightly when the official snapshot of data is recorded.
4. This report updates on the progress in delivering each section of the action plan. The order has been altered as this provides a clearer narrative to our progress, what has been learnt, what has been done in response and what has the outcome been so far.

## **Improving our understanding of private sector empty homes to better target action and support**

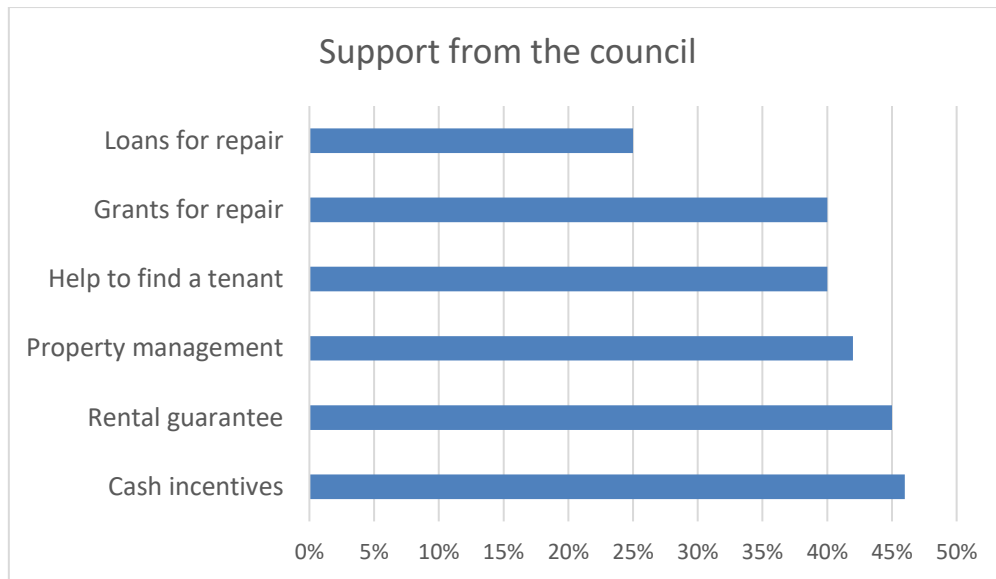
5. One of the key first tasks was to gain a better understanding of which properties were sitting empty, how long they were sitting empty and why. For private properties the source of data for this is council tax records which is primarily designed for collecting the money owed. It was not designed to be a source of information about empty properties, and also it is reliant on residents keeping the council informed of changes.
6. The Council has been reviewing the council tax database to gain a better understanding of why homes are empty and to target advice and support. The Income Operations team undertook a survey to try and understand what if anything would encourage people to bring their homes back into use. A total of 2,065 accounts were selected as part of the survey covering property which had been either empty or unoccupied for at least 3 months and where the liable

party was a private individual. The survey included unoccupied but furnished properties to try and understand why people were retaining property in the Borough but not living in it and if there was any incentive which might encourage them to take action.

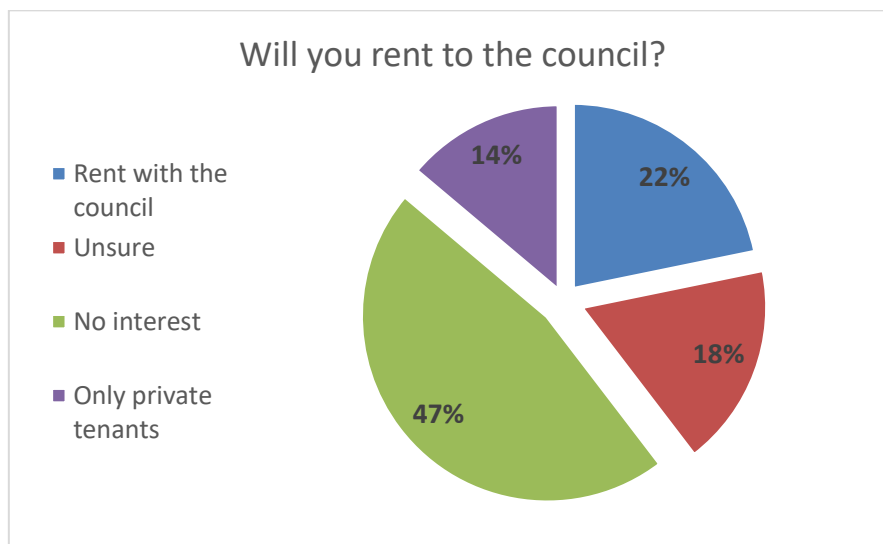
7. 54% of those surveyed indicated that their home was not actually empty suggesting the council tax data is incorrectly inflating the empty homes figures due to people incorrectly reporting or not updating their details. Officers had suspected that given the removal of the council tax discount, residents were no longer incentivised to contact the council when properties become occupied. The council tax premium only comes into effect after two years being empty, when again residents have a real incentive to update records. There is also a possibility that some of these homes are being used for short-term lettings such as Airbnb. The council has begun creating a new system to identify when an empty property owner stops making payments, which would trigger a contact to see if there has been a change of circumstance.
8. 48% of residents said that the home was empty due to works being needed – of these two-thirds indicated they needed significant renovation, with the remainder indicating minor works. 31% indicated that the home was up for sale. In the 'Other' (7%) category residents gave a number of reasons including: the impact of COVID; financial issues; negative rental experiences; and the need to resolve issues with cladding.



9. Residents were asked whether they were interested in getting support from the council in bringing their home back in to use. More than half of residents indicated that they did not want any help from the council. Of those that were interested in support they were asked to indicate the type of support needed, shown in the chart below. Note that residents could indicate interest in any support they felt relevant.



10. The council has two twin aims of bringing homes back into use and also assisting homeless households into good quality homes. Therefore the survey asked whether home owners would let their home to the council.



11. The number of home owners willing to let their homes to the council at 22% is disappointing, and clearly at variance with the number willing to take council support. There were a further 18% that appeared to be persuadable. One of the major issues is that the Local Housing Allowances offers rent levels that lag significantly against market rents available in the borough.
12. The council is working on our marketing material which will bring together all the range of incentives that are available to home owners, which will include: rent guarantees; property management; tenant referrals; cash incentives, loans, grants etc.
13. Following the initial survey the council has run a targeted campaign against 450 properties empty for longer than 6 months. 103 responses have been received so far and the results are being analysed.

14. The council has been working to increase awareness of the support available to bring properties back into use. The council has improved the webpages on grants and loans available and ensured that information links effectively with the council tax webpages about the premiums for empty properties. Information about the revised grants and loans has been included in e-newsletters. Further communications campaigns are planned.
15. The council has also made it easier to report empty homes via the telephone and the Southwark website to help reduce the time it takes for the council to become aware of properties as they become vacant.
16. The council has also started investigating the potential to use the council temporary accommodation income database to understand which property is being used for this purpose, to ensure this is not incorrectly being reported as vacant.

### **Taking a zero tolerance approach to long term empty private sector homes**

17. Many of the factors that result in homes sitting empty are outside the control of the council, and the position is constantly churning, as properties are returned to use and new homes become vacant. The council is committed to using all the powers available to tackle the number of empty homes, and over the past year the council has significantly strengthened its ability to tackle these issues.
18. One of the key tools to tackle empty homes is applying council tax premiums to empty properties. The council already applies the maximum premiums available. The council has been lobbying for powers to apply premiums on empty but substantially furnished properties, and to shorten the length of time required from two years before a premium can be applied. Such changes have now been proposed in the Levelling Up and Regeneration Bill. This will be monitored as/if the bill progresses through Parliament. If enacted, the Council will explore introducing these changes.
19. Officers are continuing to empower the council to use powers such as Empty Dwelling Management Orders and CPOs. A report went to Cabinet in March 2022 which agreed a capital allocation of £2m to provide funding to compulsory purchase (CPO) long-term empty homes. This will be a revolving fund as costs will be recouped from the sale of the properties. Further details are in paragraphs 29-33 of the [report](#).
20. EDMOs and CPOs remain incredibly difficult to implement. Formal approval for an EDMO must be obtained from the First Tier Tribunal, who need to be assured that the property has been vacant for two years or more; and the property is the cause of nuisance to the community, or a cause of antisocial behaviour. There are number of other exclusions where an EDMO cannot be used. The first step in the EDMO process is the granting of an interim EDMO for a 12 month period. During this time the Local Authority must work with the owner to agree a route to returning the property back into use. The Local Authority can then move to a final EDMO. This lasts for up to 7 years. This will

allow for the local authority to carry out necessary works and take over management of the property. Rent can be charged and any costs accrued can be offset against this revenue. Very few EDMOs have been agreed nationally.

21. Compulsory Purchase Orders can only be used where it can be proven that no other means is available to a Local Authority which will result in the property being returned to use. The CPO powers are used as a final option and are governed by legislation and must be in accordance with Government guidance.
22. The council continues to make use of enforcement powers where an empty property is a statutory nuisance, linking landlords to other support and options available to bring properties back into use.

### **Working with residents and property owners to quickly bring empty private sector homes back in to use**

23. The council is committed to working with property owners and landlords to bring empty private sector homes back in to use. Often advice might be all that is needed but sometimes households might require grants or loans. Officers conducted a review which concluded that individual grants and loans needed to increase to take account of the increase in building costs and to incentivise landlords/property owners to complete repairs/ improvements. In response in March 2022 Cabinet agreed to increase the annual capital funding available for grants to refurbish empty homes from £95k to £400k, and to increase the annual capital funding available for loans to refurbish empty homes from £62k to £700k. To support the expanded programme two additional officers are being recruited. Further details are in paragraphs 22-26 of the [report](#).
24. The council is also working to incentivise property owners to let their homes to let to homeless families. We are currently working on our marketing material which will bring together all the range of incentives that are available to home owners, which will include: rent guarantees; property management; tenant referrals; cash incentives and so on.
25. The action plan included an action to consult on a new zero cost private rented sector license fee as part of the refreshed Private Rented Sector Licensing Scheme. Cabinet agreed changes to mandatory licensing for HMOs, additional licensing for HMOs, selective licensing in many wards, and the final proposals for the council's Gold Standard Charter for Landlords as set out in Appendix 9 and 10 of the report. The Gold Standard Charter includes a 'Gold Standard Charter Plus' which gives an additional discount to any Gold Standard Charter Landlord who has signed up to the Council's Finder's Fee Scheme. Where landlords have signed up to the social lettings agency, the properties will be managed by the Council so become exempt from licensing, preventing the need to apply or pay for a license.
26. The Empty Homes Team provides support and financial support to owners to return their empty homes to use. In 2021-22 36 properties were brought back in to use against a target of 25. The target for the current year is 30, and for the subsequent years is 50, based on the additional resources being provided.

These 'hard' targets are based on proactive work with individual owners. However, the work of the wider project team appears to be having an impact. There has been a reduction of over a 1,000 empty non-council homes. This has been offset in part by the increase in empty council homes, due to regeneration and refurbishment as set out in paragraph 35.

## Campaigning for more resources and more effective powers to tackle empty homes in the private sector

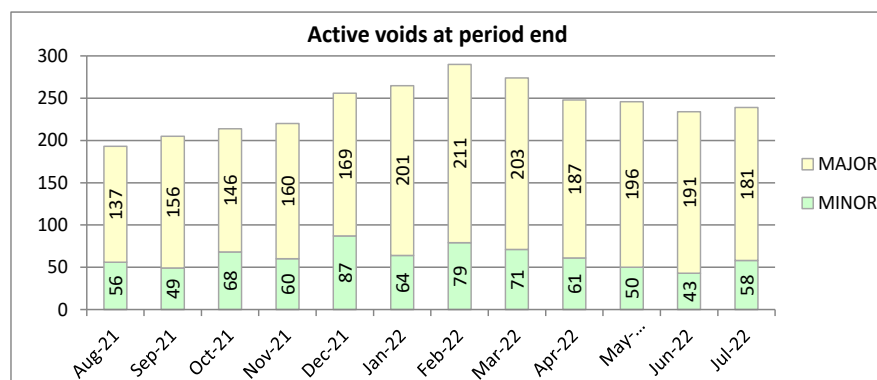
27. As stated, the council has been lobbying for additional powers to tackle empty homes and to simplify the existing powers to make them easier and cheaper to use, such as empty dwelling management orders and compulsory purchase orders. There has been some movement from the Government on this issue with potential changes to the application of council tax premiums to empty but substantially furnished properties, and potentially reducing the vacant period to one year from two before a premium can be applied. The council will continue to push for these new powers as the Levelling Up and Regeneration progresses, or failing that to ensure this is included in future legislation. The Council will continue to work with our partners to push for change in this area.

## Reducing the number of empty council homes

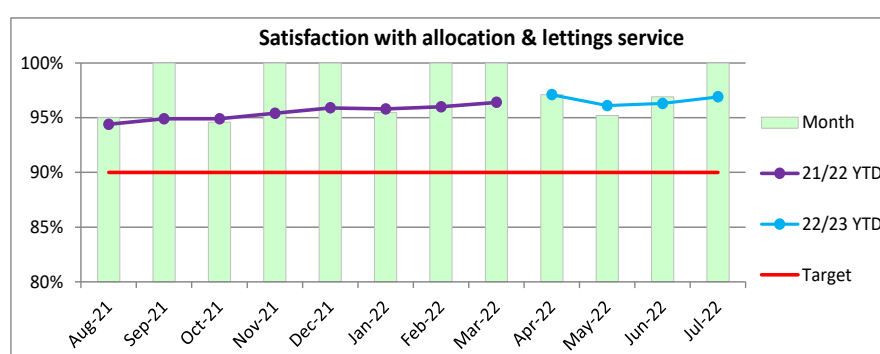
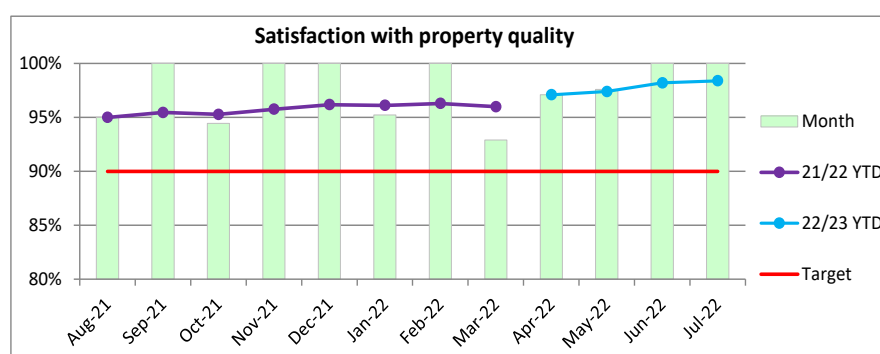
28. The action plan contains targets to return council homes to use. The performance on these are still being affected by the impacts of the covid pandemic. This resulted in restrictions on contractors which delayed repair work, and prevented being able to offer multiple household viewings once the property was available to let. For minor works voids, the target in the plan was to turn the void around within 28 days. As of July 2022 this was running at 81.4 days. There had been 75 lets since 01 April 2022. For major works voids the target was 100 days. In July 2022 it was running at 150.6 days. There were 169 lets.

29. The letting of some of the long standing major voids is impacting on the average turnaround time. Looking at just new voids the year to date performance as running at 53 days for minor voids and 64 for new major voids.

30. Looking at the active voids, the majority of these continue to be major voids.



31. Following a void period, the satisfaction with the quality of the property has increased and satisfaction with the allocation and letting service remains high among new tenants.



32. There is increased scrutiny and monitoring of council empty homes, the team are working with Contractors to ensure all empty homes are brought back into use. Two additional contractors have been brought in to focus on complex long standing and Temporary Accommodation voids. A new KPI for Contractor's performance monitoring has been developed to ensure targets are met.

33. As part of the repairs improvement plan, a new IT system is being rolled out for the voids team. This will allow for enhanced functions for monitoring works from specifications through to completions, including detailed monitoring on financial completions.

34. The data above includes information on active voids. According to the September council tax records there were 1,714 empty properties where the council was recorded as responsible for the council tax (not just council rented). The vast majority of these are not active voids. According to the Voids Team records in September 2022 there were 1,144 non active voids broken down as follows:

Demolition	Refurbishment and FRA type 4 safety works	Other	Total
778	306	60	1,144

35. Most of the non-active voids are involved with major regeneration schemes or where major investment or fire safety work is required. With the regeneration

voids, some of the properties are effectively uninhabitable but there are strict rules about what can be removed from the council tax property list on which these figures are based. Many of these are expected to be removed from the figures shortly once demolition gets underway. Some of the key examples of these regeneration or structural issue voids are:

- Aylesbury Estate – The vast majority of the long term empty properties are linked to the Aylesbury Estate regeneration. In September 2022 this accounted for 623 voids of which 543 were vacant for over two years. This regeneration has run in phases which has resulted in many homes needing to be vacated and sitting vacant prior to demolition. To reduce the number of vacant homes some of these were homes have been used as temporary accommodation. At Wendover a new phase of emptying properties has started.
- Ledbury – In 2021 due to structural issues, in consultation with residents a decision was made to demolish the four tower blocks at Ledbury Estate, consisting of 224 homes. Residents are being required to leave their homes while blocks are demolished and new homes are built. In September 2022 this accounted for 79 voids of which 72 were vacant over 2 years.
- Tustin and Hillbeck Close Estates - In March 2021, residents voted in favour of demolishing and rebuilding the low-rise buildings in a residents' ballot. The programme comprises of the demolition of 249 homes (200 council rented and 49 leasehold)
- Maydew House – This comprises of 144 units which were vacated by the Council between 2010 and 2015 in order to facilitate a programme of asbestos removal, heating works and replacement of bathrooms and kitchens which was determined too intrusive to carry out with residents in situ. Following an options appraisal in 2011, further consultation led to a decision in 2012 to undertake a major refurbishment. In 2018 planning permission was granted to refurbish the building and add 5 storeys of accommodation on the roof. Following procurement, a contractor was appointed to finalise the costings and design in 2020. During this period, further surveys identified additional structural and fire prevention issues which needed to be addressed in the works contract. A revised costing was submitted earlier this year. Following consideration of this cost and consultation, a report is scheduled to be presented to Cabinet in December to agree a way forward for the block.
- Marie Curie – In May 2021, the council informed residents in Marie Curie that they needed to move out to carry out major essential works, including fire safety improvements to their homes and block. Marie Curie is a 16 storey block of 98 two bedroomed maisonettes. In September 2022 this accounted for 54 voids.

36. The council is keen to make best use of these empty properties. It conducts frequent review of empty homes on regeneration scheme to ensure empty properties are used as temporary accommodation for as long as possible. Where there are delays to the programme, the temporary accommodation strategy for the scheme is reviewed and additional homes brought back into use. Following a review of the Aylesbury regeneration empty homes, 80



additional units on the Aylesbury estate have been brought back into use as temporary accommodation for homeless households.

37. Between April 2022 and August 2022, 569 void properties were completed and relet – 342 as permanent accommodation and 227 estate voids for use as temporary accommodation.

### **Impact of the empty homes action plan on the overall numbers of empty homes**

38. This report highlights the progress made towards the action plan in terms of the actions that have resulted from the plan. Some of these changes are still in their infancy with additional staff still being recruited and growing awareness of the new grants and loans. Work has commenced but it is too early for some of these tools to have had much impact. That said the numbers appears to be moving in the right direction with the total number of empty homes (excluding second homes, furnished and uninhabitable homes) falling from 4,469 to 3,950. There has been a big decrease in the number of homes empty for less than 2 years falling from 3,250 to 2,738.

<b>Primary liable party as recorded on council tax (right) and empty homes category (below)</b>	<b>Total October 2021</b>	<b>Total September 2022 (preliminary data)</b>
Empty no premium (less than 2 years)	3,250	2,738
100% premium (empty 2-5 years)	932	894
200% premium (empty 5-10 years)	247	274
300% premium (empty over 10 years)	40	44
Total premium (empty over 2 years)	<b>1,219</b>	<b>1,212</b>
<b>Total empty unfurnished</b>	<b>4,469</b>	<b>3,950</b>
Second homes	476	451
Furnished, but unoccupied	2,745	2,457
Uninhabitable	10	16
<b>Total empty homes</b> <i>including unfurnished and second homes etc.</i>	<b>7,700</b>	<b>6,874</b>

39. As mentioned earlier in this report, the Levelling Up and Regeneration Bill included a proposal to allow Local Authorities to charge a premium on empty but substantially furnished properties, that have been vacant for over two years, or potentially one if the empty time period is also reduced. These powers if enacted could significantly help the council to reduce the number of empty homes further.
40. It is clear from the table above that there is still considerable work to be done, particularly for the longer term vacant properties. As stated in the council homes section, many of those are council properties which are due to be demolished. Under official rules these can't be removed from the list until they are physically demolished. A large number of these are expected to be demolished soon and some major refurbishments are due to complete too.
41. Looking specifically at council properties there is evidence that the number of council homes is increasing, partly due to an increase in new voids compared to the same period last year. In the long term empty properties the vast

majority of these are empty due to either redevelopment or refurbishment and major fire safety or type 4 works required.

<b>Council homes</b>	<b>October 2021</b>	<b>September 2022</b>
Empty no premium (less than 2 years)	637	847
100% premium (empty 2-5 years)	570	613
200% premium (empty 5-10 years)	194	232
300% premium (empty over 10 years)	24	22
Total premium (empty over 2 years)	788	867
Total empty unfurnished	1,425	1,714