

## **TELFORD & WREKIN COUNCIL**

**CABINET - 19 SEPTEMBER 2013**

### **BRINGING EMPTY PROPERTIES BACK INTO USE AND TACKLING ROGUE LANDLORDS**

**REPORT OF ASSISTANT DIRECTOR: DEVELOPMENT, BUSINESS & EMPLOYMENT**

**LEAD CABINET MEMBER: CLLR CHARLES SMITH**

#### **PART A – SUMMARY REPORT**

##### **1 SUMMARY OF MAIN PROPOSALS**

In 2011/12 there were 710,000 empty homes in England. In Telford & Wrekin the number known to have been empty for longer than 6 months is estimated to be around 400 of which circa 162 have been inspected to date with concentrations in Cuckoo Oak (Sutton Hill) and Ketley and Oakengates. 97% of these properties are privately owned. Nationally and locally the expectation is that this figure will continue to increase with the ongoing recession, meaning people are unable to afford to maintain their properties.

Locally there are significant numbers of people on the waiting list for “Choose Your Home” with only around 1,300 affordable properties becoming vacant per annum. The impact of the Welfare Reforms will only increase the number of people on the waiting list. Whilst levels of housing completions have been rising year on year with 275 affordable homes built in 2011/12, it is still vital that every source of accommodation is maximised in order to meet demand.

Therefore empty properties represent a waste of a valuable housing opportunity and in addition are often detrimental to local communities. If a property is left to deteriorate it can blight a whole street, or indeed a whole community, reducing the values of surrounding properties and contributing to a sense of general decline. Empty homes can also attract vandalism, fly-tipping and other criminal activity impacting on the local neighbourhood and on service budgets. Furthermore properties which have been empty for more than 6 months have a detrimental impact on the Council’s ability to generate income through New Homes Bonus with each increase in the number of empty properties resulting in a reduction in New Homes Bonus over the six year period in which it is received.

This report sets out proposals to bring empty properties back into use and tackle rogue landlords by setting up a social lettings agency and implementing a landlord accreditation scheme.

##### **2 RECOMMENDATIONS**

- **That Cabinet approve a capital allocation and expenditure of £150,000 funded from existing capital receipts to reduce the significant number of empty homes within Sutton Hill**
- **That Cabinet approve the implementation of a Landlord Accreditation Scheme as described at Section 4.5.2.2 of this report**
- **That Cabinet delegate authority to the Home Improvement Agency Team Leader, in consultation with the Cabinet Member for Housing, Regeneration & Economic Development, to serve an Empty Dwelling Management Order,**

**Compulsory Purchase Order and/or instigate an Enforced Sales Procedure.**

- That Cabinet approve an Enforced Sales Procedure on an empty property where a minimum debt of £1,000 is outstanding on the property

**3 SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Bringing empty properties back into use and using good landlords directly contributes towards the following priorities: <ul style="list-style-type: none"> <li>• Protecting and creating jobs as a 'Business Supporting, Business Winning Council' through the use of local contractors to carry out work on empty properties</li> <li>• Regenerating those neighbourhoods in need and working to ensure that local people have access to suitable housing</li> <li>• Ensuring neighbourhoods are safe, clean and well maintained through improving problem empty properties and promoting good landlords</li> </ul>
	Will the proposals impact on specific groups of people?	
	Yes	Residents in the borough in need of housing options and communities affected by empty properties and rogue or problem landlords
<b>TARGET COMPLETION/ DELIVERY DATE</b>	Initiatives will commence immediately following and subject to Cabinet Approval.	
<b>FINANCIAL/ VALUE FOR MONEY IMPACT</b>	Yes	This report recommends the development of a loan scheme to help to bring empty homes within Sutton Hill back into occupation. This scheme will be funded from £150,000 improved capital receipts generated from disposals within Sutton Hill and this funding is ring fenced to be used with Sutton Hill. All other proposals highlighted within this report will be accommodated and funded from within existing resources. JAC 20/08/13
<b>LEGAL ISSUES</b>	Yes	The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 provides that a local housing authority can provide assistance (in any form) for the purpose of improving living conditions in their area. Assistance can be subject to conditions. A policy in respect of such assistance must be adopted and made available. Enforced sales and Empty Dwelling Management Orders are subject to statutory legal processes
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	Yes	Risks include; further deterioration of empty properties resulting in possible anti-social behaviour; blight and lost revenue to the authority and an increase in rogue landlords or poor landlord practices, resulting in worsening housing conditions.
<b>IMPACT ON SPECIFIC WARDS</b>	Yes	Impacts will be greatest in those wards where there is a high level of empty properties (Cuckoo Oak & Ketley and Oakengates) and rogue landlord properties and where the owners are on board with bringing the property back into use.

## **PART B – ADDITIONAL INFORMATION**

### **4. INFORMATION**

#### **4.1 Why are properties empty?**

There are many reasons why properties are empty including:

- Neglect by owners/abandonment due to lack of value
- Disputes over ownership
- Inability to sell
- Repossession/bankruptcy
- Deceased estate and subject to probate
- Speculative purchase
- Owner receiving or giving care to a relative
- Second home

Barriers to bringing properties back into use include; lack of capital to invest, lack of confidence in becoming a landlord or simply not wanting the responsibility or potential consequences of becoming a landlord.

#### **4.2 Current Identified and Inspected Empty Properties by Ward**

Using council tax data and reported empty property information, the HIA has identified and inspected 162 empty properties. The location of these is set out by ward in Appendix A and shows occurrences across the borough with concentrations in Cuckoo Oak (Sutton Hill), Ketley and Oakengates wards. In some cases (e.g. Oakengates) empty properties are being dealt with through a specific scheme where properties have been identified for demolition and a new build programme is underway. However, empty property issues in Sutton Hill continue to be a challenge with the area having a number of severe problem properties including empty properties that have had fire damage. Due to the nature of the properties (timber frames and some three storey properties) and historic anti social issues in specific streets there is a need for significant financial intervention and support in order to engage owners and get these properties back into habitable use.

#### **4.3 Council Tax Changes from 1<sup>st</sup> April 2013**

From the 1<sup>st</sup> April 2013 a number of changes to Council Tax were implemented in an attempt to tackle empty property issues including:

- Empty properties, which are in need of structural repair or alteration work or are unoccupied or unfinished, will no longer receive any Council Tax discounts or exemption and will be subject to 100% of the Council Tax charge. This includes any short periods where the property is empty.
- Properties that have been empty for two years or more will be charged a 50% premium (i.e. the Council Tax payer will be liable for 150% of the Council Tax charge).
- Second homes or furnished empty properties will no longer receive any discount or exemption and will be liable for 100% of the Council Tax charge.

These changes are likely to assist in reducing long term empty properties by incentivising owners to make some use of the property but this may also lead to more accidental landlords or properties that are not adequately maintained. It will also make indentifying properties empty for under two years more difficult, as owners will no longer see any benefit in notifying the Authority when a property becomes vacant. Due to the changes in Council Tax we predict a potential growth of exempt empty properties as some owners will intentionally leave their property to deteriorate further to a state considered unfit for habitation as at this point Council Tax exemptions become effective. There have been instances where landlords have been known to take out a toilet or kitchen to ensure eligibility for this (Class G) exemption. We need to try and identify a mechanism to address this and protect New Homes Bonus.

#### **4.4. Role of the Home Improvement Agency - Targeted Action**

In response to these issues the Council's Home Improvement Agency (HIA) will lead on action to bring empty properties back into use. The HIA's role will include; identifying empty properties, promoting the reporting of such properties, working with each owner to identify what could be done to get the property back into use and working with a cross council Housing Action Team (HAT) to co-ordinate support/action to bring properties back into use. The HAT, led by the Assistant Director of Law, Democracy and Public Protection and involving officers from Public Protection, Legal Services and Planning Enforcement, currently meet on a bi-monthly basis and have already delivered considerable positive action in relation to empty properties as summarised in Appendix C. However, the proposals in this report will increase the ability of this group to take further positive action.

The Housing Action Group will be supported by a dedicated Empty Property Officer who has been appointed to identify, inspect and monitor empty properties and will support the HIA to provide a joined up and comprehensive service to owners of all empty properties with the aim being to engage with owners and work in partnership to find the right solutions through the provision of advice and support including;

- Renovation, conversion and/or refurbishment
- Managing repairs and sourcing local contractors
- Renting/leasing the property or finding a letting agent
- Making property available to provide temporary or affordable accommodation
- Facilitating Green Deal opportunities to fund improvements to the property
- Providing advice on how to sell the property
- Implementing a Landlord's Accreditation Scheme (see Section 4.5.2)
- Signposting to national schemes with loans available (see Section 4.5.3)

The flowchart at Appendix B sets out the various routes from reporting through to resolution, depending on circumstances and response from the owner, which will be coordinated by the Empty Property Officer. A range of support initiatives are described in more detail below.

##### **4.5.1 Renovation, Conversion and/or Refurbishment**

Part of the HIA's role will be to support and coordinate delivery of renovation, conversion and refurbishment of empty properties to bring them back into use.

A direct intervention will involve the use of £150,000 generated from capital receipts from disposals in Sutton Hill to address empty properties on the Sutton Hill estate. This funding is ringfenced for improvements made to the regeneration of Sutton Hill. It is proposed that the money is used to develop a loans scheme with loans of up to £20,000 to be made available to landlords. An average of £15,000 per empty property will allow us to bring 10 empty properties back into use generating circa £66,000 in New Homes Bonus and £11,000 per year council tax income. The loan will be available for repair/renovation work required to restore properties to appropriate standards, for the owner to either sell or rent. If the loan is used to bring the property into the rental market, the loan can be paid back through a monthly repayment. All loans will be registered as a charge on the property which means that that on sale or transfer of the property all funds would come back into a pot which can be used as a revolving fund for further empty properties. If successful, we will look to develop a business case to extend the loans scheme to other parts of the Borough where there are concentrations of empty properties.

##### **4.5.2 Implementing a Landlord Accreditation Scheme**

Since 2001, the proportion of privately rented households in Telford & Wrekin has doubled from 7.1% to 14.9%, with the proportion in social rented properties falling slightly to 11.6%. Recent Welfare Benefit reforms mean that 2,613 residents will lose a proportion of their

benefits where they are considered to be occupying a social housing property with more bedrooms than they are considered, under the reform, to need. There is insufficient existing social housing stock to provide one or two bedroom properties through the existing “Choose Your Home” scheme with local Registered Providers, so many residents may turn to renting through private landlords. Although there are many reputable landlords in the Borough, with both single properties and portfolios of properties, the Council is also aware through tenants, Members and agency contacts that there are a number of landlords whose practices are illegal or are having a significant, detrimental impact on the welfare of their tenants and/or communities. Given the anticipated increase in demand for private rented accommodation, the Council proposes to introduce a Landlord Accreditation Scheme and take coordinated action to address poor landlord practices.

#### **4.5.2.1 Identifying Problem Landlords**

The Housing Action Team (HAT) will pool intelligence about poorly performing landlords from services across the Council including Trading Standards, Environmental Health, Environmental Services, Housing Needs, Social Services, Revenues & Benefits and Legal Services. This intelligence will be used to identify the most appropriate course of action through the Landlord Accreditation Scheme (LAS).

#### **4.5.2.2 The Landlord Accreditation Scheme**

The Landlord Accreditation Scheme will involve the development of a register of landlords that adhere to correct practices and are therefore deemed to be “accredited” from a review of a range of documents which may include:

- Insurances
- Complaints procedure
- Code of conduct
- References
- Length of time as a landlord
- Number of properties in portfolio

The review will need to take into account the nature of the landlord (e.g. accidental landlord versus large landlord with multiple properties) and tailored accordingly to ensure smaller landlords aren't unfairly excluded from becoming accredited.

The HIA will also provide a one stop shop for landlords on advice such as:

- Property improvement grants/energy efficient properties
- Problem tenants/tenancy agreements
- Converting premises into a HMO
- Accreditation Scheme
- Property Standards
- Informal planning advice
- Their responsibilities

This approach is very much in accordance with that being taken by the Homelessness Task Force and endorsed within the Homelessness Strategy 2013-2016.

The scheme will also provide support to accredited landlords through:

- Advice and Support on their role as a landlord
- Business advice and support, including faster access to planning, building regulations
- Access to tenants through the Social Lettings Agency
- Links to empty properties to purchase or manage
- Data on where housing needs are identified
- Advertisement of their details on the website

By promoting and only using landlords from an accreditation scheme we are sending a message to local landlords and tenants that the Authority will only support good quality landlords. A central database of accredited landlords will ensure that no internal services rent properties from rogue or unaccredited landlords. Accreditation will be reviewed in response to concerns raised by tenants or other parties.

The Homelessness Task Force and Homelessness Strategy 2013-2016, also identifies the role of the HIA in creating a Social Lettings Agency to source affordable, good quality accommodation that is suitable for the requirements of the client in conjunction with the voluntary and private sector. This service will be available for all service areas within the Council that require residential accommodation to meet the housing needs of all those within the borough. The Social Lettings Agency would also provide advice and support to landlords, as well as access to potential tenants through the Council. A management fee could be charged to landlords accessing the services of the Social Lettings Agency with the level of fee being between 8-10% of the monthly rent. In addition the Landlord Accreditation Scheme will generate a small fee, with this being set through engagement with local landlords.

#### **4.5.3. Financial Assistance**

Lack of finance to bring properties up to a decent standard is one of the key reasons why some owners are not bringing their empty property back into use. Where an owner identifies this as an issue the Empty Homes Officer will coordinate an assessment to determine what work is needed and also to review the financial circumstances of the owner.

##### **4.5.3.1 Empty Homes Community Grants Programme**

A loan of between £5,000 and £15,000 is being made available to owners of empty properties through the national Empty Homes Community Grants Programme. This scheme is currently live in the North West and the North East of England and will be rolled out nationwide later this year. Telford & Wrekin Council signed up as a primary authority so will be classed as an early adopter. The scheme is run by the charity Empty Homes and the loans will be for a maximum period of 5 years with an interest rate of 5%. The loan, which will be secured through a legal charge on the property, must be used for repair/renovation work to an empty property to restore it to a "Decent Homes" standard. A condition of the loan is that the property is rented at an Affordable Rent on completion of the repair project and the rent must remain affordable for the duration of the loan term.

We will be working with landlords of empty properties to support their application for a loan. In particular we will be promoting the use of loans to facilitate conversion of accommodation above shops in local centres such as Wellington, Oakengates, Dawley, Madeley and Newport into residential use. Recent planning legislation is favouring the change of use without the need for planning consent. Indications are that many owners would convert their premises with the assistance of a loan and this hidden accommodation could make a big difference to the vitality of our Borough Towns as well as providing one bed homes which are needed to accommodate households affected by Welfare Reform.

#### **4.6 Role of the Housing Action Team - Enforcement Action**

As the flowchart in Appendix B illustrates, where properties are dilapidated or in a very poor condition, the case may be taken to the Housing Action Team to identify solutions which may include:

- **Encouragement** – Initially all officers will work with the owner/landlord and encourage the properties to be brought back into a decent standard before enforcement action is taken. This may mean many conversations and hand holding through processes with the owners.
- **Enforcement Action** - Where an owner refuses to engage and/or a property is dilapidated or seriously impacting on surrounding properties or communities, statutory

action may be taken. There are a number of potential enforcement routes depending on circumstances however these should only be used as a last resort and financial implications considered before taking on these actions.

- **Enforced Sale** - The Law & Property Act 1925 allows local authorities to recover charges through the sale of the property. This option can only be utilised where there is a debt to the local authority registered as a charge on the property. A minimum debt of £1,000 can be registered on the property to start enforced sales proceedings.
- **Empty Dwelling Management Order (EDMO)** - An EDMO can be made where an owner leaves a property empty and has no intention of securing its voluntary reoccupation. This involves applying to the Residential Property Tribunal for authorisation to gain an Interim EDMO and supplying supporting evidence, including that the property has been long term empty and that proactive engagement with landlord has been sought. Telford & Wrekin Council has never pursued an EDMO due to the cost, length and complexity of the process. However, delegated authority is now sought for the Home Improvement Agency Team Leader to undertake this process where appropriate.
- **Compulsory Purchase Order (CPO)** - CPO's can be made under S17 of the Housing Act 1985 or under S226 (as amended by Planning and Compulsory Purchase Act 2004) of the Town and Country Planning Act 1990, for the provision of housing accommodation or to make an improvement to existing housing. However, undertaking a CPO can be a lengthy and complex process and should be used as a last resort.

## **5. PREVIOUS MINUTES**

None

## **6. BACKGROUND PAPERS**

Housing Act 1996

Town and Country Planning Act 1990

The Law & Property Act 1925

Solihull MBC website page for Empty Homes

Sandwell Metropolitan Borough Council

National Empty Homes

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## Appendix A: Empty Properties by Ward

Using council tax data and reported empty property information, the HIA has identified and inspected 162 empty properties to date.

Ward	No of empty properties inspected and identified
Apley Castle	2
Arleston	6
Brookside	4
Church Aston and Lilleshall	0
College	8
Cuckoo Oak	23
Dawley Magna	7
Donnington	4
Dothill	3
Edgmond	4
Ercall	1
Ercall Magna	4
Hadley and Leegomery	7
Haygate	9
Horsehay and Lightmoor	2
Ironbridge	1
Ketley and Oakengates	27
Lawley and Overdale	3
Madeley	0
Malinslee	6
Muxton	0
Newport East	0
Newport South	4
Newport North	3
Newport West	2
Park	0
Priorslee	4
Shawbirch	4
St Georges	3
The Nedge	6
Woodside	6
Wrockwardine	5
Wrockwardine Wood and Trench	4

## Appendix B: Targeted Action Flow Chart

