

Report to:	Overview and Scrutiny Committee
Title:	Update on the delivery of the Council's Empty Property Strategy
Purpose of briefing:	To provide a progress report on the delivery of the Empty Property Strategy, with particular emphasis on enforcement options.
Lead Officer:	Denise Gandy
Date:	24 October 2006

1. Background

- 1.1 The Empty Property Strategy was agreed at Executive in June 2005. The Strategy was developed in recognition of the important role that bringing empty properties back into use has in both meeting local housing need and contributing to the regeneration of neighbourhoods.
- 1.2 The Strategy highlighted 4 key areas of activity, which need to come together in order for us to deliver an effective strategy.
 - Identification of empty properties
 - Provision of advice to owners on their options for bringing a property back into use
 - Additional support to achieve this, including grant aid
 - Enforcement action where necessary
- 1.3 The Strategy was influenced by recommendations from a Scrutiny Review of the Private Sector Housing Strategy, which included consideration of the work on empty properties.
- 1.4 This report will describe progress in each area but with particular emphasis on options for enforcement activity, as requested.

2. Numbers of Empty Properties

The numbers of empty properties in Haringey are showing an overall downward trend.

Year (as at 31 st March)	Number of empty properties
2001	4410
2002	3093
2003	2701
2004	2459
2005	2939
2006	2765

3. Performance indicators

Best Value Performance Indicator 64 measures the number of vacant dwellings that have been returned to occupation or demolished in a year, and has now been proposed to be part of the CPA assessment for 2007.

In 2005/06 Haringey Council brought 414 vacant properties back into use, exceeding our target of 400 and achieving top quartile performance in the country. In line with our aim to reduce temporary accommodation, we no longer count our usage of Private Sector Leased accommodation within this definition, and so have set our target lower in 2006/07 to reflect this.

Our current target is 100 empty properties returned to use, and we are currently on course to meet it, with 57 empty properties brought back into use year to date at the end of September.

4. Identification of empty properties

Empty properties are identified from a variety of sources, including

- Council tax records
- Reporting from other Council officers, including through Better Haringey
- Public reporting – advertising is carried out to encourage public reporting

5. Provision of advice

The empty property officer identifies empty properties and advises owners on options for bringing them back into use. Providing useful, well regarded advice to owners of empty properties is a very significant means of bringing properties back into use. The Council has an important role to play in acting as a positive source of advice about the various options available to them (e.g. sale, renting directly, renting through a managing agent).

6. Additional support and grant aid
- 6.1 Housing SCE was previously used to fund our private sector grants programme, including some funding for empty properties. Due to changes in government funding regimes, this is no longer possible and so we are reliant on funding obtained from bids submitted as a sub region. For 2006/07 and 2007/08 funding of £1.69M has been awarded to the sub region for empty property work. This is likely to be divided equally between the 6 boroughs giving us approximately £280,000K per year.
- 6.2 We currently offer Empty Property grants to owners of properties that have been empty for at least a year. The purpose of the Empty Property grant is to renovate properties and to bring them back into use. We currently offer up to £11k per unit of accommodation provided, which is the recommended maximum level identified by government. The grant is approved on the understanding that an assured shorthold tenancy will be provided to the Council on completion. The available property is used to support our Prevention and Options work.
- 6.3 For the first time we are offering Empty properties grants to first time buyers who are purchasing an empty property for their own use. The North London Sub region have agreed innovative funding for 2 units of accommodation that fit into the owner occupier category, for which a grant will be approved at 25K each. Currently we have approved one empty grant for owner occupied use and a further property is in the pipeline.
- 6.4 Last year, the Council successfully approved and secured 48 units of accommodation through empty property grants. This year we are aiming to secure 15 units of accommodation through empty property grants and to successfully spend our North London Sub Region allocation.
- 6.5 We are currently working to develop a support package for owners, which does not involve grant aid. Owners would be offered a support package to be developed with our Letting Agent partners in the Accredited Letting Scheme (ALS). Under the package Agents could:
- Advise owners on lettings potential and financing repairs
 - Assist with organisation of repairs
 - Arrange to let the property through the ALS.

Initial discussions have been held with ALS partners who have expressed interest in this idea. One property already let through the ALS scheme is an example of what can be done:

96b Falkland Rd N8 was plagued by poor management, squatting and major disrepair and was to be subject to Environmental Health action. By working with the owner and an ALS agent the property has been returned to good condition and been occupied by a Council referral who may otherwise have been homeless. Apart from the officer resource in liaising between parties and the standard ALS deposit, there has been no additional cost to the Council in bringing this property into use.

7. Enforce

7.1 Many cases are resolved by positive action by the owner, supported by effective advice and in some cases grant support from the Council. Where this is not possible, when a property owner refuses to take action, then enforcement action becomes necessary. Enforcement activity is an essential part of an empty property strategy. However, enforcement activity is very resource and time intensive.

7.2 A corporate working group has been established to lead on the development of enforcement instruments and to consider their use individual cases. This group has considered three principle enforcement instruments available to help deliver empty property work:

- Enforced Sales
- Empty Dwelling Management Orders
- Compulsory Purchase Orders

7.3 We have also started working with a member of staff from the London Borough of Islington who is being paid from funding from the North London Sub region and whose role is to aid enforcement on empty properties.

7.4 Enforced sale

7.4.1 Enforced sale is possible when an owner owes a debt to the Council (may be work in default fees, Council tax etc.) The presence of debt allows the Council to apply to the Court to force the sale of the property.

7.4.2 We have developed a process for using enforced sales. Identification of suitable properties and monitoring of progress is co-ordinated by the Enforcement Group. We have completed one successful enforced sale, which has now been brought the property into occupation as a result. In other cases, the owner has paid off the debt and we have been unable to proceed. We are working with RSL partners, where possible, to try and ensure that the properties are sold to them.

7.5 Compulsory Purchase Orders

At present the Council does not use Compulsory Purchase Orders. However, additional effort is being directed to this area with support from a sub regionally funded post, which aims to work with boroughs and share expertise in this area.

7.6 Empty Dwelling Management Orders

7.6.1 Empty Dwelling Management Orders were introduced in the Housing Act, 2004. However, the powers needed to enforce EDMOs were only enacted in July 2006.

7.6.2 The legislation states that:

- Councils should publish an Empty Homes Strategy which includes its policy on enforcement
- Where an empty property owner cannot demonstrate plans to bring a property back into use, the Council can apply to the Residential Property Tribunal for an Interim EDMO of 12 months. The application will have to meet certain conditions. The owner can oppose the Councils application and the Tribunal will take this into account before making a decision. A hearing may be held.
- If an Interim EDMO is granted the Council must obtain the owners permission to place a tenant in the property.
- If the owner does not agree the Council can serve notice of a Final EDMO. This does not go back to the Tribunal for decision unless the owner applies for it to do so. In serving notice the Council must prepare a “management scheme” including full details of works and rental charges. The Final EDMO can last for up to 7 years.
- Under a Final EDMO the Council can carry out works, let and manage the property, either itself or through an agent. The council can deduct its costs from the rent but must pay the remainder to the owner. If the Council does not cover its costs from the rent it cannot recover them from the owner, except by agreement in return for an early termination of the EDMO
- The Council must insure and secure the property.
- Owners can appeal to the Tribunal over a number of issues including payment of rent and terms of the management scheme.

7.6.3 The potential use of EDMOs has been discussed by the North London Sub Region. It was noted that that no Councils were considering immediate implementation of EDMOs due to perceived risks, in particular that they would not be cost effective. There was discussion around the potential for an external agent to manage EDMOs on behalf of the Sub Region and this remains a possibility.

7.6.4 Further consideration was given at the Councils Empty Property Enforcement Group meeting in July 2006, where the view was also taken that EDMOs potentially present considerable difficulties in implementation, for the following reasons:

- The process for obtaining EDMOs is very similar to that for Control Orders on HMOs which have been found in practice to be very difficult to operate and of limited use.
- Considerable expert care will need to be taken in preparing applications for Initial and Final EDMOs, especially where they are opposed and a hearing is held. This will be time consuming and resource intensive, and both financial and staffing resource would have to be identified to support the function.
- Many empty properties require major works to bring them to lettable, especially decent homes, standard. The Council would have to fund any work initially and recoup it's expenditure from rents received over the length of the EDMO. Only properties that do not need extensive works could be targeted. Future income would not necessarily be guaranteed and any financial risk would be borne by the Council.
- There may be difficulties in identifying funding for initial works. It may be that the only properties suitable are those in good to excellent condition.
- Financial difficulties may arise during the course of the EDMO tenancy, eg due to major repairs, void and rent loss. Where costs could not be met from rental income this would be at the risk of the Council.
- As any income over and above the Councils costs must be paid to the owner, and as they can make a challenge via the Tribunal if they feel there is a shortfall, it will be essential for the Council and any managing agent to keep very detailed individual property / tenancy records e.g for void periods and expenditure.
- Where owners are opposed to the arrangement there may be on going conflict which could make the proper management of the tenancy more difficult.
- The Council will need to consider if it should manage EDMO tenancies itself e.g. through the Private Sector leasing scheme.

In view of the above factors the Enforcement Group took the view that it did not generally recommend the use of EDMOs at this stage, and that there is no current resource available to implement them.

7.6.5 It was considered, however, that there may be exceptions, and that the threat of EDMOs may be a useful tool in persuading reluctant owners to take action, Therefore, the opportunity should be taken to use them as part of our overall Empty Property Strategy as follows:

- That the Council publishes, as part of its strategy, that it will give consideration to using EDMOs where it is deemed appropriate.
- That there may be some cases where an EDMO does provide the best solution i.e. good condition property, apathetic owner.
- That the threat of an EDMO should be used as part of the persuasion package to owners reluctant to bring properties into use, and that owners are offered an alternative management package on a voluntary basis instead of the EDMO.

7.7 Links to Better Haringey

The Enforcement Service operates a Public Eyesores programme, which is a Better Haringey project. This project includes a range of neglected site locations including empty private, commercial and domestic properties. Properties included in the Public Eyesore programme will receive enforcement action that requires works to resolve issues including graffiti, fly posting, litter and vandalism and other neglect, which can cause a detrimental impact on the amenity value of an area.

8. Conclusions

8.1 The Empty Property Strategy will be updated to allow for changing circumstances, including:

- The need to reduce temporary accommodation by 50% by 2010 - in the past empty properties have provided us with an available source of temporary accommodation. We are now working to bring properties back into use as assured shorthold tenancies to help support our prevention and options work
- The additional power offered by EDMOs
- The increasingly sub regional approach to funding and cross borough working and learning
- The need to move away from emphasis on grant assistance and onto enabling and enforcement

8.2 Delivery of enforcement activity is resource intensive in terms of staff time, legal costs and costs to secure end use. Additional resources will be needed in the future if we are to deliver a comprehensive programme of enforcement, using the range of tools available.