

Economy & Enterprise Overview and Scrutiny Committee

6th March 2023

Housing Update



Report of Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report provides an update for the members of the Economy and Enterprise Overview and Scrutiny Committee on three areas of interest relating the Council's housing service including the Councils engagement with Registered Providers, the progress of the Selective Licensing Scheme and the work being undertaken to address the number of empty homes.

Executive summary

- 2 This report and accompanying presentations will provide the Economy and Enterprise Overview and Scrutiny Committee with an update on the three areas of interest that members have asked to consider.
 - i. An overview of Council's housing function and how it engages with Registered Providers in the county.
 - ii. An update on the progress of the Selective Licensing Scheme
 - iii. An update on the progress and approach to tackling empty homes across the County
- 3 The Economy and Enterprise Overview and Scrutiny Committee are joined for this report by Members of the Environment and Sustainable Communities Overview and Scrutiny Committee and the Safer and Stronger Overview and Scrutiny Committee because of the cross-cutting nature of the areas under consideration.

Recommendation

- 4 The Economy and Enterprise Overview and Scrutiny Committee Members

- i. Note the content of the report and presentation and provide feedback accordingly
- ii. Receive further reports and presentations on the review of the Council's Housing Strategy and the Council's Homelessness and Rough Sleepers Strategy as part of the consultation process in due course.

Background

5 The Council has a number of statutory and retained housing functions even though Durham County Council and several of the previous district council took decisions in the past to transfer their housing stock to newly established Registered Providers.

6 The Council's housing functions include:

- Development of the Local Plan which sets the context and planning policies by which new development in the County will be considered.
- Preparing the Housing strategy which sets out the housing needs of the County and how they will be met.
- Preparing the Homelessness strategy which sets out approach to prevent and assisting people threatened with homelessness
- Determining the Allocations Scheme (DKO) which sets out how applications for social housing in the County are prioritised.
- Private Sector Housing (Enforcement) working with landlords to ensure any housing provided meets the required standards.
- Selective Licencing provides for the regulation of landlords in designated areas of the County.
- Bringing Empty Homes across the county back into use.
- Providing Disabled Facilities Grants to help people with a disability live independently by adapting their home.
- Promoting Energy efficiency and helping owners and tenants to obtain grants and other assistance with their housing costs.
- Ensuring adequate Gypsy and Roma Traveller site provision across the County and managing the councils existing six GRT sites.
- Asylum and humanitarian support for Syrian, Afghan, Ukrainian etc refugees.

- 7 Members of the Economic and Enterprise Overview and Scrutiny Committee have asked to receive a report and presentation on three areas of housing activity:
 - An overview of Council’s housing function and how it engages with Registered Providers in the county.
 - An update on the progress of the Selective Licensing Scheme
 - An update on the progress and approach to tackling empty homes across the County

- 8 The Economic and Enterprise Overview and Scrutiny Committee along with colleagues from the Environment and Sustainable Communities Overview and Scrutiny Committee and the Safer and Stronger Overview and Scrutiny Committee have previously received a presentation on Empty Homes at an informal information session on the 9th of November 2022.

- 9 Each of the areas of interest is covered within this report with additional information and explanation being provided by officers during the presentation when there will be an opportunity to ask questions. The questions should be focussed on the general nature of the presentation and subject areas rather than in connection with specific cases which can be discussed with relevant officers outside of the committee setting.

Working with Registered Providers

- 10 Together the Registered Providers in County Durham manage approximately 45,000 homes. Approximately 40,000 of these homes were transferred from council ownership as part of Large-Scale Voluntary Transfers (LSVT) undertaken by the County Council (post 2009) and borough and district councils (pre-2009).

- 11 As a reminder for Members about the LSVT arrangements:
 - Derwentside DC transferred 7,600 homes to Derwentside Homes in December 2006 to later merge with Isos in April 2017 to form Karbon Homes.
 - Teesdale DC transferred approximately 1,500 homes to Teesdale Housing Association as part of North Star Group, which was established in 2006 to bring together, Endeavour and Teesdale Housing Associations, then Darlington Housing Association joined the North Star Group in 2016.

- Chester Le-Street DC transferred 4,200 homes to Cestria on the 4th February 2008, Cestria joined ISOS in 2014 and merged with Derwentside Homes in April 2017 to become Karbon Homes.
 - Sedgefield DC transferred 8,500 homes to Sedgefield Borough Homes on the 30th of March 2009 it rebranded on the 2nd of November 2011 as Livin
 - DCC transferred 18,500 homes (Former Durham City Council, Easington District Council and Wear Valley Homes) to County Durham Housing Group in April 2015 then on 1st April 2019 it rebranded as Believe Housing.
- 12 As part of LSVT the ownership and direct management responsibility for the housing stock became the responsibility of the respective Registered Providers (Housing Associations).
- 13 Several important housing functions remain the statutory responsibility of the Council to deliver, and given it does not own any housing stock, close partnership working with the Registered Providers operating across the County is required to deliver these.
- 14 The Councils statutory housing functions include:
- Homelessness Strategy and statutory responsibility for homelessness.
 - The Housing Allocations Scheme
 - Private Sector Housing Enforcement
 - Disabled Facilities Grants
- 15 The Council has other important housing and housing related functions that it is responsible for, including:
- Development of the Local Plan (statutory but wider than housing)
 - Selective Licensing (regulated activity)
 - Gypsy and Roma Travellers
 - Asylum Seekers & Humanitarian Support
 - Energy Efficiency
 - The Housing Strategy
- 16 The Registered Providers are responsible for
- Housing Management
 - Rent Collection

- Tenancy Conditions
 - Tenancy Enforcement
 - Repairs and Maintenance
 - Tenant Engagement
 - Providing nomination rights to the council
 - Housing Development
 - Assisting the Council with its Housing and Homelessness and Rough Sleeping Strategy
 - Tenant complaints
- 17 As members will be aware Cabinet has previously agreed to the development of 500 new council homes and the Council has acquired approximately 50 homes to assist with the provision of temporary accommodation for rough sleepers and people excluded from the housing register.
- 18 The Council is currently reviewing its Housing Strategy and separately the Homelessness and Rough Sleeping Strategy and will be consulting with the Registered Providers and the Scrutiny Committee as part of this process. The final draft of Homelessness and Rough Sleeping Strategy is aiming to be considered by Cabinet in December 2023 and the final draft of Housing Strategy in March 2024.
- 19 Registered Providers are independent bodies overseen by their Board. The Board must ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent, and accountable manner.
- 20 The Council does not have any role in monitoring and overseeing the activities of the Registered Providers operating across the County and they are not accountable to councillors. Registered Providers are independent bodies overseen by their Boards and regulated through their governance framework and the Regulator for Social Housing. The Council does, however work closely with the Registered Providers, and they are supportive of helping the Council achieve the outcomes set out in the Council's Housing and Homelessness Strategies.
- 21 Registered Providers are subject to a Regulatory Framework developed by the Regulator for Social Housing which sets out specific expectations upon them to work with local authorities e.g. *“Registered providers shall co-operate with local authorities’ strategic housing function, and their duties to meet identified local housing needs. This includes assistance with local authorities’ homelessness duties, and through meeting obligations in nominations agreements.”*

- 22 Durham Key Options, the Choice Based Lettings scheme, is an example of partnership working, where we have a joint approach with an agreed lettings policy which all the partners operate, the partners contribute towards the cost of operating the scheme. We are about to commence a review of the scheme and it is proposed that reports are brought to Overview and Scrutiny as this review progresses. In addition, the Head of Planning and Housing considers any Stage 3 appeals in relation to the operation of Durham Key Options covering the activities of the full partner Registered Providers.
- 23 Where a Registered Provider is considering a new development within the County, they are required to discuss their plans with the Council. Homes England ensure that the proposals have the support of the Council before any grant approval is given.
- 24 The Regulator for Social Housing has established a number of Regulatory Standards that Registered Providers must comply with covering Economic Standards relating to Governance and Financial Viability, Value for Money and Rent and Consumer Standards relating to the Home, Tenancy, Neighbourhood and Community and Tenant Involvement and Empowerment.
- 25 The Regulator for Social Housing issues Regulatory Judgements on an Annual basis in respect of each Registered Provider regarding their Governance arrangements and Financial Viability.
- 26 Registered Providers are also subject to the Housing Ombudsman Service which is set up by law to look at complaints about the housing organisations. The service is free, independent, and impartial.
- 27 There are effective partnership arrangements in place with the Registered Providers. The County Durham Housing Forum meets quarterly. This is chaired by the Council and attended by the main registered providers operating across County Durham. The aim of the Forum is outlined in the terms of reference to.
- i. act as the strategic partnership within County Durham for the consideration of housing and related policy issues.
 - ii. oversee and enable the delivery of the housing and related strategies,
 - iii. assist with the development of more sustainable communities and
 - iv. support the health and well-being of County Durham.
- 28 Several themed task and finish groups sit beneath the housing forum to assist with the delivery of the housing and homelessness strategies.

These are attended by registered providers and a series of joint projects have been introduced as result of this. The themes cover:

- Safeguarding
- Domestic abuse
- Durham key Options
- Poverty
- Homelessness
- Housing development
- Specialist accommodation working with health and social care

Selective Licensing

- 29 The scheme covers 42% of the private rented sector (PRS) in County Durham (approximately 28,500 homes) and is one of the largest schemes in the Country. Where a Selective Licensing Scheme covers more than 20% of the Private Rented Sector the specific consent of the Secretary of State is required before a scheme can be introduced. The Selective Licensing Scheme was approved by the Secretary of State for the Department of Levelling Up, Housing and Communities (DLUHC) on 30 November 2021.
- 30 The scheme covers 103 of the 324 Lower Super Output Areas (LSOAs) in County Durham and in each of the LSOA, evidence was provided to demonstrate that the area met at least one of the conditions required by legislation, and some areas met the conditions for all three. These relate to:
- Significant and persistent anti-social behaviour
 - Low demand
 - A high level of deprivation
- 31 The legal powers to set up a scheme for the licensing of properties is contained in Part 3 of the Housing Act 2004. The scheme lasts for five years. Following a three-month notice period, the scheme went live in April 2022.
- 32 The key elements of this scheme in Durham are:
- promotion of good practice in terms of management and maintenance which is capable of being enforced,
 - mandatory licence application for every PRS property within the defined scheme,

- landlords must pass a ‘fit and proper person’ test in advance of receiving a licence,
 - appropriate staffing structure in place to support scheme administration, inspection, and enforcement,
 - property inspection regime in place, and
 - support for landlords to comply with licence conditions.
- 33 To date 8,681 Applications have been received, 7,337 Licences issued and £3.4 million in income has been received. Work is progressing on ensuring all landlords operating in the designated area are licensed.
- 34 Selective licensing provides a regulatory framework which allows for pro-active monitoring of the private rented sector and the opportunity for enforcement against poor landlords. It facilitates a multi-agency approach making the best use of a range of powers available in addition to selective licensing.
- 35 It is acknowledged that this is part of the solution, all previous interventions are still needed to, not just stabilise but, enhance our communities moving forward.
- 36 The licensing fee is a maximum of £500, with discount available for each of the following:
- An early bird discount of £60 for those applying for a license before 31st July 2022
 - Previous accreditation with either Durham County Council (DCC) or current accreditation with the National Residential Landlords Association (£55 discount per licence), and
 - landlords with two or more properties (£35 discount for each licence after the first property).
- 37 All income is ringfenced for the operation of the selective licensing scheme only. Approximately £12 million may be raised across the five years of the scheme.
- 38 Civil Penalties can be used as alternative to prosecution for Selective Licensing Offences, including for not having a licence, non-compliance with licence conditions, or for improvement notices.
- 39 The maximum penalty for each offence is £30,000. Income received from a civil penalty can be retained by DCC, providing it is used to further the statutory functions in relation to enforcement activities covering the private rented sector.

- 40 The teams continue to work proactively in the selective licensing areas to ensure all landlords obtain a license and comply with licence conditions, by making full use of both informal measures as well as robustly pursuing enforcement action.
- 41 Details of the current progress with the licensing scheme will be provided within the presentation.

Empty Homes

- 42 The Empty Homes function sits within the Planning and Housing Team within the Regeneration and Growth Directorate of the Council, and the team undertake various activities aimed at bringing empty properties back into use. The team works proactively with teams in Community Protection, Council Tax and Building Control to use the wide range of powers available to the Council to tackle this issue. There are currently over 10,000 homes vacant across the County for a variety of reasons, some relate to the normal operation of the housing market which are not seen as a problem. It is the homes that remain vacant for a prolonged period and deteriorate that are the main issue.
- 43 Members may recall that the Economic and Enterprise Overview and Scrutiny Committee along with colleagues from the Environment and Sustainable Communities Overview and Scrutiny Committee and the Safer and Stronger Overview and Scrutiny Committee have previously received a presentation on Empty Homes at an informal information session on the 9th of November 2022.
- 44 There are many reasons why some homes stand empty, and it is accepted that a proportion of the homes are empty as part of the normal operation of the housing market. The main reasons why properties remain empty for longer periods of time include:
- Lack of finances to carry out refurbishment
 - Property for sale – Property chain or unrealistic selling price
 - Second Homes
 - Waiting for planning consent
 - Property subject to legal dispute e.g., marital breakdown
 - Complications with probate – this may include instances where the owner has passed leaving no living relative
 - Owner may be residential care, hospital, or prison
 - Lack of demand
 - Properties awaiting regeneration or demolition

- 45 The officers deal with a wide range of issues relating to empty home including the:
- Provision of advice, support and assistance to owners and landlords of empty properties, to bring them back into occupation,
 - Provision of financial assistance by way of empty homes loans,
 - Completing external visual inspections on empty properties when reported, this inspection allows officers to determine the level of intervention required to bring the property back into occupation,
 - Working closely with several service areas to ensure a more comprehensive approach is adopted to bringing properties back into use.
- 46 The officers use a range of options to work with owners to bring a property back into use and enforcement would always be used as a last resort after exhausting all options available.
- 47 In order to take enforcement action such as an Enforced Sale, Empty Dwelling Management Orders (EDMO) or Compulsory Purchase Orders (CPO) officers need to work closely with other service areas who have the required enforcement powers.
- 48 An action plan has been developed to ensure the work of the team is targeted effectively on a needs and area basis. This will be covered in more detail within the slide presentation which also provides information on the number of empty homes and our performance in bringing empty homes back into use.

Next Steps

- 49 The Economic and Enterprise Overview and Scrutiny Committee receive a presentation on the three areas of interest and make any comments and observations they feel appropriate.
- 50 The Committee receive further reports and presentations on the review of the Council's Housing Strategy and the review of the Council's Homelessness and Rough Sleepers Strategy.

Background Papers

- Regulator for Social Housing Regulatory Framework
www.gov.uk/guidance/regulatory-standards

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Appendix 1: Implications

Legal Implications

Registered Providers are subject to the Regulatory Framework developed by the Regulator for Social Housing.

Registered Providers are overseen by the Boards and are also subject to the requirements of the Companies Act, the Charities Commission, Industrial and Provident Society depending upon the constitution of the organisation.

Local authorities will be required to obtain confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area.

Finance

The income from the Selective Licensing Scheme is ring-fenced to the scheme

Consultation

Consultation will be undertaken widely with regard to the development of the Council's Housing Strategy and the Homelessness and Rough Sleepers Strategy

Equality and Diversity / Public Sector Equality Duty

The Council will take all opportunities to get feedback from hard-to-reach groups across the county and the strategy will be accompanied by an equalities impact assessment.

Climate Change

The Planet and the green economy are a key consideration in the Housing Strategy which will consider net zero and other environmental considerations.

Human Rights

None.

Crime and Disorder

Selective Licensing can be used effectively to ensure landlords comply with their legal requirements.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

n/a