

*Altogether Wealthier*

# Economy and Enterprise Scrutiny Committee Scrutiny Working Group



**Review of Empty Homes**  
February 2013



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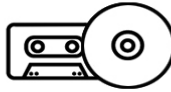
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## Foreword



*(Councillor John Moran – Chair)*



*(Councillor Alice Naylor – Vice Chair)*

Within the current economic climate, access to decent affordable housing is an essential part of everyday life which can affect our health and wellbeing. It is also true that a buoyant housing market provides employment opportunities at a local level and that in times of austerity, the Council working with partners have a role to play in supporting the housing market. The stagnation evident currently in the housing new build market and the increasing gap between pay levels and house prices means that there is more importance being placed upon utilising the private sector housing stock more efficiently, particularly by bringing empty homes back into use.

Set against a backdrop of underperformance by the Council in meeting its targets for bringing empty homes back in to use as a result of local authority intervention, the Economy and Enterprise Overview and Scrutiny Committee has undertaken a review of this issue.

The Review has examined Government and Council policies, advice and support available for tackling empty homes, the regeneration and renewals programmes and initiatives that are being utilised by the Council and its partners to bring empty homes back in to use together with the funding streams and staffing resources available to deliver this work.

The report highlights the key issues facing the Council and partners in delivering improved performance in bringing more empty homes back in to use and makes a series of recommendations aimed at delivering further service improvements in this area.

Finally, I would like to take this opportunity to thank Members of the Committee, representatives from Durham County Council and Partner organisations and residents and residents' association representatives for their valuable time in giving evidence and supporting the work of the review.

## **Executive Summary**

### **Introduction**

- 1 As part of its performance management and monitoring role, the Economy and Enterprise Overview and Scrutiny Committee identified an area of below target performance in respect of the number of empty properties brought back into use as a result of local authority intervention and a review of this issue was commissioned.
- 2 A Working Group agreed key areas for examination for the review which would lead to identified outcomes and recommendations in respect of:-
  - How the Council can address the demands of the Government to tackle Empty Homes including the use of the various funding streams available to the Council;
  - The effectiveness of the Council's Private Sector Housing Strategy in relation to empty homes and its integration with other key Housing strategies including site visits;
  - The use of the various options available to the Council to tackle empty homes with regard to ensuring value for money;
  - How the Council can learn from other Councils who are seen as exemplar authorities in tackling empty homes and the initiatives that they use to be successful.

### **Evidence**

- 3 Consideration has been given to National Policy contained within the Government's "Laying the Foundations: A housing Strategy for England" which had two main aims, namely:-
  - (i) to help drive local economies and create jobs by unblocking the housing development market to provide a much-needed boost to employment, and
  - (ii) to spread opportunity in society for home ownership.
- 4 Key policy objectives, proposals and initiatives detailed within the Government's housing strategy have also been examined.
- 5 In examining the statistics for empty homes nationally, the national figure for empty homes has fluctuated between 700,000 and 800,000 over the last 10 years, suggesting that the problems of empty homes is not an increasing occurrence.

- 6 Evidence indicates that contrary to the popular myth that our region was one of the worst for empty properties, the North East was the third best performing area with an increase of 1.45% or 667 empty properties in this period. Figures for Durham showed similar trends to those nationally and regionally with the current figure of 9750 empty homes for Durham being approximately that of the 2004 figure of 9,592.
- 7 Consideration has also been given to the new housing strategy for County Durham 'Building Altogether Better Lives' approved in November 2010 which provides the local strategic framework within which the Private Sector Housing Strategy sets out how the Council and its partners will ensure that the key objectives of the Housing Strategy will be met in relation to private sector housing including bringing empty homes back into use.
- 8 Initiatives detailed within the Private Sector Housing Strategy included the delivery of capital investment programmes, the selective acquisition and demolition of some housing, group repair schemes, environmental improvements, and new housing development, each playing a part in housing renewal.
- 9 The Working Group has examined how the Council is taking forward legacy housing renewal work in the following eight regeneration areas as a priority:
  - Esh Winning, Durham
  - Wheatley Hill, East Durham
  - Dawdon, Seaham, East Durham
  - Easington Colliery (Wembley), East Durham
  - Dean Bank, Ferryhill, South Durham
  - West Chilton, South Durham
  - Ferryhill Station, South Durham
  - Craghead, North Durham
- 10 The working group has found that the number of empty homes across the County was varied with some areas having larger numbers of empty homes, some having less. The average vacancy rate across County Durham was 4.3% with highs of 10% in former mining communities. By targeting empty homes initiatives in those areas with the higher figure of 10%, i.e. the mostly former coalfield areas, it should be possible to reduce the average figures. The table at Paragraph 111 of the full report provides an indication of the numbers of empty homes which this represents.
- 11 It is for this reason that, in an ever increasingly tight staffing and budget envelope, the Council has adopted a strategic option embracing a two tiered approach to dealing with empty homes which concentrates work in identified housing regeneration areas with the worst housing conditions

- and highest levels of deprivation, and has a safety net service to deal with empty homes outside identified regeneration areas that are deemed to be contributing to neighbourhood blight.
- 12 The Working Group examined the staffing resource at the RED Service's disposal to lead on the Council's Housing Renewal and regeneration work including that related to bringing back empty homes into use. Changes have and continue to be made to ensure that the service has a more robust methodology of benchmarking its performance in this area to ensure that agreed targets are SMART.
  - 13 The Private Sector Housing Renewal delivery plan details a number of priority actions and initiatives aimed at tackling Empty Homes as detailed in paragraph 112 of the main report.
  - 14 Evidence shows that the above initiatives are not mutually exclusive and also require significant financial resources and access to funding streams to enable their implementation and delivery.
  - 15 To this end a significant examination of the funding streams at the Council's disposal has been carried out by the Working Group on areas including the Affordable Homes Programme; the Homes and Communities Agency "Cluster Programme"; New Homes Bonus; Local Council Tax Support Scheme and associated proposals and the Council's Financial Assistance Policy
  - 16 In carrying out site visits to three of the priority regeneration areas, Wembley, Easington; West Chilton and Craghead and the Working Group have found that existing regeneration schemes coupled with initiatives such as Selective Licensing, negotiated purchase and clearance and discounted purchase and lease back/repair have contributed to the reduction of empty properties in these areas.
  - 17 Key findings of a research project into how regeneration initiatives within three renewal areas (Wembley, Easington; Dawdon and Dene Valley) had impacted upon empty homes were also considered. These are identified at paragraphs 181-191 of the main report.
  - 18 Members have examined further information specifically on "leasing" and "Homesteading" models delivered currently by Coast and Country Homes (An RSL based in Cleveland) and Riverside Housing Group (a national Housing provider operating mainly in the North West) which provide viable ways of tackling empty properties.
  - 19 Other tools available to the Council under a variety of legislation to tackle the problems of blight/anti-social behaviour caused by empty properties have also been examined. However, this was not extensive as this was the subject of a detailed review by the Safer and Stronger Communities

Overview and Scrutiny Committee previously which examined the Council's approach to Anti-social behaviour: People and places.

## **Conclusions**

- 20 The Working Group acknowledges that both national and local policy on tackling empty homes is aimed at increasing the availability of affordable homes, providing a much needed boost to local economies by creating employment opportunities in the Housing renewal/regeneration sector and also regenerating local communities and removing neighbourhood blight caused by long term empty properties.
- 21 The Homes and Communities Agency Empty Homes Toolkit provides practical advice and information on tackling empty homes. Durham County Council's housing regeneration service has developed the Private Sector Housing Strategy and associated Renewal delivery plan which also encompasses a number of priority actions, initiatives and products which aim to bring empty homes back into use.
- 22 The Working group has considered statistics that indicate that nationally, the number of empty homes has fluctuated between 700,000 and 800,000 over the last 10 years and that performance during this time within the region indicates that there is a false perception that the region is an empty property blackspot. Additionally, there have been suggestions that within the current economic downturn, the previously agreed norm for vacancy rates of 2.5% which represents a flourishing housing market is too low.
- 23 The County Council's approach to dealing with empty homes has concentrated work in identified housing regeneration areas with the worst housing conditions and highest levels of deprivation, and providing a safety net service to deal with empty homes outside these identified regeneration areas that are deemed to be contributing to neighbourhood blight. The Working Group notes that the 8 housing priority regeneration areas agreed by the Council are largely legacy areas identified by former District Councils of Sedgefield, Easington and Derwentside and encompass housing regeneration in former mining communities which have experienced socio-economic problems associated with high levels of deprivation and where housing stock is traditional pre-1919 terraced housing which is traditionally of low demand.
- 24 The Working Group has examined a significant amount of work undertaken within the 8 priority areas aimed at bringing back empty homes into use including initiatives such as Selective Licensing, Compulsory Purchase/Clearance, negotiated purchase and purchase and repair/leaseback schemes and notes the work that has been undertaken to assess the effectiveness of these policies and initiatives in reducing the levels of vacant properties in these areas.



- 25 The availability of resources to tackle empty homes has been examined and whilst there are a number of Government led-initiatives aimed at tackling empty properties, these are largely aimed at a partnership approach whereby local authorities are encouraged to work with Registered Social Landlords, private register housing providers and local/voluntary community groups to tackle empty properties. The Working Group have considered examples of this partnership approach that have been adopted by the County Council and also by way of examples of best practice in other areas. The proposed bids for programmes/schemes as part of the Governments Affordable Homes programmes and associated "Cluster Bid" programme are considered to represent the best opportunities for the Council to secure funding to bring empty properties back in to use in the identified priority areas.
- 26 The Working Group has taken cognisance of the Government's New Homes Bonus scheme which allows local authorities to receive 6 years' Council Tax for each empty property brought back in to use. In examining the financial impact of this on the Council and given that it is an un-ringfenced fund that is top-sliced from existing local authority grant funding, reports to the Council's Cabinet have indicated that the council has lost £1.69m in funding overall due to the introduction of New Homes Bonus for 2011/12 and 2012/13. This top slicing of New Homes Bonus from core council funding in the future will continue to redistribute funding to areas of significant house building growth from those where house building growth is more depressed and the loss of funding included in the Council's MTFP for 2013/14 is forecasted to increase to £3.3m.
- 27 The Working Group has also examined the proposals to be introduced by the Council in respect of its Local Council Tax Support Scheme (LCTSS) and the withdrawal of the discounts currently awarded at Class A and C, plus the removal of the remaining 10% discount on second homes and introduction of an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax from 1 April 2013. In doing so, members have noted that any potential resources raised from these proposals would be used to offset the potential shortfalls within the MTFP of adopting the LCTSS.
- 28 A number of initiatives aimed at bringing empty homes back in to use rely on the Council and partners "bidding in" to Homes and Communities Agency (HCA) funding streams which require such partnerships/joint bids to match fund any successful allocations secured. This in turn increases pressure on an already restricted capital resource availability within respective Capital Programmes. It is essential therefore that any such bids contain robust business plan models which identifies where this "matched funding" can be obtained from prior to their submission to the HCA.
- 29 The Working Group has identified that there is an extensive range of existing and potential additional products which could assist in accessing

- the necessary funding to improve empty properties and bring them back in to use. The Working Group feels that it is essential that the Council does everything at its disposal to ensure that this advice and information is equitable and accessible to all, especially via the Council's Website.
- 30 The Working Group has examined the enforcement tools available to the Council via legislation to tackle empty properties and also the extensive review undertaken in 2010 by the Safer and Stronger Communities Overview and Scrutiny Committee in examining how these are being used by the Council to tackle anti-social behaviour and environmental problems caused by empty homes. There are concerns that such tools are often lengthy processes which require considerable resources in respect of officer time and legal costs and that a better approach for the Council is to try and negotiate an agreed solution rather than pursuing enforcement action.
- 31 Previously reported poor performance on empty properties brought back into use as a direct result of local authority intervention was the reason behind this review. However, the Working Group believe that the previously agreed targets of 70 per year were too high. The revised target of 50 properties per annum is considered to be more realistic.
- 32 Considerable work has been done by the Regeneration and Economic Development directorate to ensure that an appropriate staffing structure is in place to support the delivery of the Private Sector Housing Strategy including bringing empty homes back into use. The Working Group notes that further work is planned to develop a systematic approach to benchmarking performance in this area and also enabling managers to ensure that performance targets for this area are SMART.

### **Recommendations**

- 33 The Economy and Enterprise Overview and Scrutiny Working Group's recommendations in respect of the Review of Empty Homes are that:-
- (a) Cabinet agree that an assessment/evaluation be undertaken by the Regeneration and Economic Development service grouping of the effectiveness of the existing housing renewal and regeneration policies within the Council's 8 priority housing regeneration areas to ascertain whether they have delivered the expected reduction in vacancy rates within the housing stock; and to ensure that this area of work is aligned to future regeneration priorities so that the Council is able to target scarce resources on areas where we have the greatest chances of bringing empty homes back into use and thereby making a difference.
  - (b) Cabinet agree that the development of projects/bids as part of the Affordable Homes programme and associated Empty Homes

"Cluster Bid" scheme be supported and that the Council continues to work with housing partners in the RSL and Private sector to deliver projects that will increase the number of empty homes brought back in to use;

- (c) Cabinet agree that those Empty Homes Cluster Bids identified within this report be supported and approve any associated requests for Capital resources as "matched funding" that is required as a condition of Homes and Communities Agency funding to implement these schemes;
- (d) Cabinet support the development of new business models aimed at bringing empty homes back into use, particularly those identified within the ARC4 Consultant's report regarding "purchase to lease" and "homesteading" schemes;
- (e) Cabinet agree that the proposed Local Council Tax Support Scheme (LCTSS) be supported and Cabinet consider the ring-fencing of surplus resources generated by the removal of Council Tax discounts for empty homes and the introduction of the empty homes premium (over and above that required to ensure that the LCTSS is cost-neutral to the MTFP) for empty homes projects;;
- (f) Cabinet agree that a root and branch review of the existing products, advice, funding streams and associated policies relating to empty homes and housing regeneration/renewal be undertaken to examine any potential to relax conditions that are placed upon development partners which may adversely impact on their ability to secure investment funds/capital from financial institutions;
- (g) Cabinet agree that in accepting the reduced performance targets for 2012/13 from 70 to 50 empty homes brought back into use, further work be undertaken by the RED Service Grouping Housing Regeneration and Renewals team to implement a systematic approach to performance management which will enable the development of robust benchmarking regarding empty homes and SMART targets;
- (h) Cabinet agree that a feasibility study be undertaken by the RED Service Grouping to examine a potential "invest to save" initiative to increase the complement of Empty Homes officers utilising potential New Homes Bonus resources generated through improved Council performance in bringing empty homes back in to use;
- (i) a systematic review of the report and progress made against recommendations should be six months after consideration of this report by Cabinet.

## **Terms of Reference, Methodology and Membership of the Working Group**

### **Terms of Reference**

#### **Rationale**

- 34 The Economy and Enterprise Overview and Scrutiny Committee considers quarterly Performance reports relating to the “Altogether Wealthier” Council Plan priority. As part of this process, the Committee identified an area of below target performance in respect of the number of empty properties brought back into use as a result of local authority intervention.
- 35 In light of difficulties faced by people in getting onto the property ladder, the financial implications to the local economy of having houses standing empty and the potential impact of the Government’s Welfare Reform programme, it was suggested that the Economy and Enterprise Overview and Scrutiny Committee examine this issue in more detail.

#### **Outcomes**

- 36 The key areas for examination for the review were agreed as follows:-
- (i) To examine Government Policy on this issue including the potential for penalising poor performing Local Authorities in dealing with Empty Homes.
  - (ii) To consider DCC Policy specifically in respect of Empty Homes and Private Sector Housing Renewal aimed at bringing empty homes back into use including the links between County Durham Plan, The Council’s Housing Strategy, settlement based Area Regeneration Masterplans and associated housing policies.
  - (iii) To examine the number of empty properties within County Durham including:-
    - The Council's 8 key regeneration areas;
    - Major Settlements;
    - Tenure - Private Sector Housing Stock.
  - (iv) To examine the range of options available to DCC to tackle this issue including:-
    - Private Sector Housing Renewal schemes;
    - CPO/Clearance Areas;

- Empty Dwelling Management Orders/Enforcement Powers;
  - New Homes Bonus.
- (v) To ascertain the progress made by the Council against the above initiatives including recent establishment of the new area based approach to Housing Renewals and Improvement covering both empty properties and private landlords which came into effect in July 2011.

### **Focus**

- 37 The Working Group agreed that the Review should seek to identify outcomes and make recommendations in respect of:-
- How the Council can address the demands of the Government to tackle Empty Homes including the use of the various funding streams available to the Council;
  - The effectiveness of the Council's Private Sector Housing Strategy in relation to empty homes and its integration with other key Housing strategies including site visits;
  - The use of the various options available to the Council to tackle empty homes with regard to ensuring value for money;
  - How the Council can learn from other Councils who are seen as exemplar authorities in tackling empty homes and the initiatives that they use to be successful.

### **Reporting Arrangements**

- 38 It was agreed that the Overview and Scrutiny review group will report to the County Council's Corporate Management Team (CMT), Economy and Enterprise Overview and Scrutiny Committee, Overview and Scrutiny Management Board (OSMB) and Cabinet on its findings and recommendations.

### **Timescale**

- 39 The review is to complete and report no later than February 2013.

### **Membership of the Working Group**

- 40 The Working Group comprised all of the members of the Economy and Enterprise Overview and Scrutiny Committee as follows:-

Councillor J Moran (Chairman of the Working Group)  
Councillor A Naylor (Vice-Chairman of the Working Group)

Councillor J Armstrong  
Councillor B Arthur  
Councillor A Barker  
Councillor B Brunskill  
Councillor C Carr  
Councillor J Cordon  
Councillor B Graham  
Councillor J Hunter  
Councillor P Jopling  
Councillor R Liddle  
Councillor C Potts  
Councillor J Rowlandson  
Councillor P Stradling  
Councillor Andy Turner  
Councillor M Wilkes  
Councillor M Williams  
Councillor A Willis

#### **Co-opted Members**

Mr T Batson  
Mrs O Brown  
Mrs A Harrison  
Mr A Kitching  
Mr D Lavin  
Mr J B Walker

#### **Project Support Officers**

41 The project was supported by the following officers:

Stephen Gwilym, Principal Overview and Scrutiny Officer  
Martin Tindle, Democratic Services Officer  
Kath Healthcote, Housing Regeneration Manager  
Lynn Hall, Housing Solutions Manager  
David Siddle, Special Housing Projects Manager  
Richard Roddam, Housing Development and Delivery Manager  
Dianne Hedley, Area based Housing Regeneration Manager  
Shirley Janes, Housing Improvement Manager  
Paul Darby, Head of Finance – Financial Services, Resources  
Alan Hunter, Area Based Housing Regeneration Officer  
Vicky McCourt, Area Based Housing Regeneration Officer  
Adrian Cantle-Jones, Area Based Housing Regeneration Officer

## Background

- 42 Quarterly performance reports to the Economy and Enterprise Overview and Scrutiny Committee identified Key Performance Indicator 9 - the Number of empty properties brought back into use as a result of local authority intervention, excluding empty properties demolished as part of an area based housing renewal intervention - within "Altogether Wealthier" as an area of underperformance.
- 43 In light of difficulties faced by people in getting onto the property ladder, the financial implications to the local economy of having houses standing empty and the potential impact of the Government's Welfare Reform programme, it was agreed that the Economy and Enterprise Overview and Scrutiny Committee examine this issue in more detail.
- 44 A special meeting of the Economy and Enterprise Overview and Scrutiny Committee was held on 27 February 2012 to provide with an overview of the issues relating to Empty homes and also to inform the scope of the Review and to provide a specific focus for the review.
- 45 The Working Group agreed that the Review should seek to identify outcomes and make recommendations in respect of:-
- (a) How the Council can address the demands of the Government to tackle Empty Homes including the use of the various funding streams available to the Council;
  - (b) The effectiveness of the Council's Private Sector Housing Strategy in relation to empty homes and its integration with other key Housing strategies including site visits;
  - (c) The use of the various options available to the Council to tackle empty homes with regard to ensuring value for money;
  - (d) How the Council can learn from other Councils who are seen as exemplar authorities in tackling empty homes and the initiatives that they use to be successful.

## Evidence

- 46 The Review Group commenced the review by examining the Government Policy and Durham County Council's approach to tackling empty homes.

### **Government Policy – “Laying the Foundations: A Housing Strategy for England”**

- 47 In November 2011, the Government launched “Laying the Foundations: A housing Strategy for England” which had two main aims. First, to help drive local economies and create jobs by unblocking the housing development market to provide a much-needed boost to employment. Second, to spread opportunity in society for home ownership.
- 48 The Strategy included specific measures aimed at tackling empty homes including providing £100 million of funding to bring empty homes back into use as affordable housing and £50 million of further funding to tackle some of the worst concentrations of empty homes. Consultations were also proposed on changes to Council Tax to help tackle empty homes and bring them back into productive use.
- 49 At this time, over 700,000 homes in England are empty, and over 300,000 of those have been empty for over six months. Many empty homes are being renovated or sold, or will otherwise come back into use relatively quickly through the normal operation of the market.
- 50 Neglected empty homes can quickly start to cause problems for neighbours, depressing the value of adjacent properties and attracting nuisance, squatting and criminal activity. This creates additional burdens on local authorities and the emergency services. The reasons homes are left empty are often complex including inheritance, the cost of financing repairs, inability to achieve a desired sale or rental prices and stalled re-development or needing to retain the property to benefit from house price increases. The Government's housing strategy suggested that tackling empty homes would be best achieved through locally led interventions.
- 51 The Government wants to increase the number of empty homes that are brought back into use as a sustainable way of increasing the overall supply of housing, and to reduce blight on neighbourhoods. This means putting in place the right incentives and levers, both practical and financial, to support local authorities, housing providers and community and voluntary groups.



### **New Homes Bonus**

- 52 Under Government proposals, empty homes brought back into use qualify for the New Homes Bonus. This scheme enables Government to match fund the Council Tax on long-term empty properties brought back into use for six years, using the national average in each band, with an additional amount being provided for those brought back into use as new affordable homes. The New Homes Bonus was introduced in April 2011 and aimed to encourage more local authorities to tackle empty homes in their area.

### **Support for empty homes practitioners and local authorities**

- 53 Working with the Homes and Communities Agency (HCA), the Government launched an online Empty Homes Toolkit and an interactive mapping toolkit which provide information and practical advice on tackling empty homes. The Empty Homes Toolkit is the most popular resource on the HCA and has been accessed over 600 times to date by over 180 local authorities, and work is ongoing to make it available to Registered Providers.

### **Local Council Tax Support Scheme and Empty Homes Premium**

- 54 A Consultation on giving local authorities the discretion to levy an 'empty homes premium' on the Council Tax payable on homes that have been left empty for over two years was launched on 31 October 2011. As well as encouraging owners to bring empty homes back into use, any additional revenue generated could help councils to reduce bills for other Council Tax payers. The Council's approach to this is detailed in Paragraphs 166 to 173.

### **Funding to tackle problematic empty homes**

- 55 The Government announced £100 million capital funding within the Affordable Homes Programme to tackle problematic empty homes – that is properties that are likely to remain empty without extra direct financial support from the Government. This funding was aimed at engaging local communities in dealing with empty homes in their area. The majority of the funding is available from 2012–15 and will be administered by the HCA for conventional housing providers such as Registered Providers, and by a national intermediary for self-help, community and voluntary groups. The funding available may be used to bring empty homes and other types of property, including commercial property, into use as affordable housing, although existing social housing will not be eligible for funding.

- 56 Under the proposals, properties need to have been empty for a significant period of time and the expectation is that they would remain so without the intervention of capital funding. Bidders need to demonstrate how they will identify and bring forward a pipeline of properties and how this fits in with their local authority's wider housing strategy. This is described further in paragraphs 155 and 156.
- 57 The Government has not suggested a fixed delivery model but rather seeks to promote different solutions are appropriate for different areas or even within an area. Through this funding Government hoped to encourage and foster these innovative and creative approaches. It was expected that organisations will need to work in partnership, in order to achieve effective models that deliver value for money.
- 58 Tackling empty homes often offers opportunities to deliver wider benefits to communities, including new jobs and training opportunities in renovation schemes, and the Government are keen to see bids that include such opportunities, including for young people. This programme also provides an opportunity to improve the energy performance and environmental sustainability of homes being brought back into use.
- 59 Government also allocate an additional £50 million of funding to tackle concentrations of poor quality homes in areas of low demand. This was to be match funded from local partners, giving a total investment of £100 million. Tackling empty homes in these areas required an intensive approach – refurbishing and reconfiguring homes, as well as improving the public realm and tackling wider issues in the local area. The Council's proposed bids into this "Cluster Bid" programme are highlighted in paragraphs 157 to 159.

### **Empty Dwelling Management Orders**

- 60 Where long-term empty properties have become dangerous or are causing a nuisance to neighbours, the local authority can require owners to carry out repairs. In some circumstances, local authorities can seek to take direct control of the management of the property. The existing legislative framework strikes a balance between protecting the interests of landlords and providing local authorities with the levers they need in order to bring empty homes back into use.
- 61 Changes have been made to Empty Dwelling Management Orders (EDMOs), to protect responsible homeowners and ensure that their use is limited to the very worst long-term empty homes – those that have been empty for a significant period of time and are a nuisance to the community. The changes mean that in applying for an EDMO, the local housing authority will need to provide to the Residential Property Tribunal all the information they have regarding whether the empty property has been causing a nuisance to the community, and whether there is community

support of the proposal for the local housing authority to take control of the empty home. The property will also need to have been empty for over two years (rather than six months) and the local housing authority will need to have given property owners a minimum notice period of three months.

- 62 Whilst the review has identified EHMOs as an important tool in tackling empty homes, the issue of enforcement to deal with empty homes has been examined in detail by the Safer and Stronger Communities Overview and Scrutiny Committee as part of its Review “Anti-social Behaviour : People and Places” in June 2010

### Durham County Council – Housing Strategy

- 63 A new housing strategy for County Durham was approved in November 2010. The Strategy ‘Building Altogether Better Lives’ reflected a step-change in the strategic vision and delivery mechanisms to meet the challenging housing, economic, social and environmental needs of the communities of County Durham.

- 64 The County Durham Housing Forum, our Strategic Housing Partnership, agreed to adopt this ‘Building Altogether Better Lives’ Strategy as its key focus and workplan. The Forum is aligned with the County Durham Partnership’s ‘Altogether Wealthier’ theme through the County Durham Economic Partnership (CDEP), ensuring an integration between employment, transport, housing and economic development at this strategic partnership level.

### Durham County Council Housing Strategy Model



- 65 Underpinning the three agreed Housing Objectives are a series of Key issues as follows:

Objectives	Issues
<i>Altogether Better Housing Markets</i>	1: Housing Growth - More Homes 2: New Affordable Housing – tackling affordability ‘hotspots’ 3: Rural Affordable Housing 4: Executive Housing 5: Better Balanced housing markets - regeneration & renewal
<i>Altogether Better Housing Standards</i>	6: Better existing homes 7: Better new homes
<i>Altogether Better at Housing People</i>	8: Better Housing Management 9: Better at Housing Vulnerable Groups 10: Better access to Affordable Housing

- 66 Within the Housing Strategy Delivery Plan, the issue of empty homes impacts upon all three housing objectives.
- 67 Within Altogether Better Housing Markets, empty homes features in the role than housing plays in regeneration and growth and how a more joined-up approach to regeneration and delivery might provide more ‘additionality’ from investment.
- 68 Within Altogether Better Housing Standards, empty homes is referenced by way of improving standards in terms of investment in, and use of, existing stock and includes outcomes specifically related to more decent homes and fewer empty homes.
- 69 Within Altogether Better at Housing People, empty homes is intrinsically linked to the role that provision of higher quality housing services in the public and private sectors plays in terms of wider benefits such as health, educational attainment, social, inclusion and reducing crime and antisocial behaviour.

### **Private Sector Housing Strategy for County Durham**

- 70 Approved in 2011, the Private Sector Housing Strategy sets out how the Council and its partners will ensure that the key objectives of the Housing Strategy will be met in relation to private sector housing.
- 71 The five key priorities covered by the Private Sector Housing Strategy include:

1. Area based regeneration;
  2. Meeting needs of vulnerable people/ Improving and adapting properties;
  3. Improving management practices and stock condition in the private rented sector;
  4. Bringing empty homes back into use;
  5. Making properties more energy efficient.
- 72 The Private Sector Housing Strategy is framed within the three overall objectives of the Housing Strategy identified above.
- 73 Its purpose is to identify the activities to be undertaken which have the greatest impact on private sector housing, and in doing so make the greatest contribution to economic regeneration across the county.
- 74 The Private Sector Housing Strategy describes how the private sector housing service's resources will be targeted on the existing housing regeneration projects inherited from the previous District Councils and how each element of the service will play its part in a coordinated approach to deliver sustainable improvements. These are areas with the worst concentrations of housing problems including poor stock condition, high numbers of empty properties, high levels of deprivation and anti social behaviour.
- 75 The delivery of capital investment programmes, the selective acquisition and demolition of some housing, group repair schemes, environmental improvements, and new housing development, each play a part in this form of housing renewal, but they also need to be supplemented by effective work on energy efficiency, bringing back empty properties, working with private landlords and with wider economic regeneration interventions. It is recognised that in the future housing will be more integrated with wider economic activity and the Council's strategy does this.
- 76 The action plan within this strategy includes the introduction of a more systematic approach to the prioritisation of regeneration to areas of opportunity involving housing, planning, transport and economic functions. Every opportunity is taken to lever in private sector funding streams and develop private sector partnerships aimed at increasing financial resources to enable the delivery of additional housing.
- 77 The Strategy describes how the needs of vulnerable people across County Durham will be met through the provision of a repairs and adaptations service supported by the provision of loans for vulnerable and financially excluded households.

78 A safety net service will be provided to ensure that priority housing issues in the private sector occurring outside of priority regeneration areas can be effectively dealt with.

79 The key components of the work of the Council in private sector housing are:

Area based regeneration & renewal

80 Although a number of housing renewal programmes have been implemented which have involved selective clearance of the worst housing, environmental improvements and group repair schemes, the Council recognises that some settlements and neighbourhoods still reflect their historic role, have unimproved stock, a poor environment and contain large levels of deprivation.

81 It is acknowledged that housing regeneration plays a significant role in the economic regeneration of an area and therefore in the future a holistic approach to economic regeneration will be taken which will include housing regeneration and renewal activity.

Improving standards in the private rented sector

82 Private landlords make an essential contribution to meeting housing need in County Durham, through providing rented homes, where the tenure of choice is in the private sector. However, poor housing management by some private landlords continues to have a negative impact on neighbourhoods. The aim of Durham County Council's Private Landlords Initiatives Service is to work with private landlords to improve housing standards overall and at the same time helping private landlords secure a decent, reliable return on their investment.

Housing regeneration and renewal

83 Working within the framework of a Coalfield Settlement Study to address issues such as low demand and abandonment (leaving homes empty), the Private Sector Housing Service, within the auspices of this Strategy, is taking forward housing renewal work inherited from the former District Councils in the following eight regeneration areas as a priority:

- Esh Winning, Durham
- Wheatley Hill, East Durham
- Dawdon, Seaham, East Durham
- Easington Colliery (Wembley), East Durham
- Dean Bank, Ferryhill, South Durham
- West Chilton, South Durham
- Ferryhill Station, South Durham
- Craghead, North Durham

### Better housing standards in the private rented sector

- 84 County Durham has a high level of private rented housing, with a significant proportion failing to meet the decent homes standard. Ineffective management by some private landlords, together with an unwillingness to invest and a lack of engagement with local communities, has unsettled neighbourhoods by causing a high turnover of tenants and other residents.
- 85 Councils have discretion to use measures to improve housing management in the private rented sector, including landlord accreditation projects or selective licensing schemes to cover all privately rented property in areas which suffer from low housing demand or significant anti social behaviour. There are now three selective licensing schemes in County Durham in Easington Colliery, Dean Bank and Chilton.
- 86 Durham County Council wants to support a thriving private rented sector, where housing conditions are improving, homes are well managed, fewer properties remain empty and it is easier for people to find a home that suits their needs. Initiatives with landlords represent a dual approach to the private rented sector, making a major contribution to the programme of area-based housing renewal, and also handling priority cases across County Durham involving the most vulnerable householders and the worst private landlords.
- 87 Ensuring that more private rented properties are advertised through the Choice Based Lettings system will also make a significant contribution to improving access to decent, affordable housing across the county.

### Empty Homes

- 88 Council tax records indicate that, at 1 October 2012 over 4,500 private sector homes across county Durham have been empty for 6 months or more. There are many reasons why homes are empty and it will not be possible to bring all these homes back into use; indeed the Council recognises a proportion of empty homes are necessary and demonstrative of a healthy functioning open housing market.
- 89 However, there is a need to reduce the level of empty homes in identified housing regeneration areas in order to increase the sustainability of those neighbourhoods. In addition there is an under supply of housing across the county and the council needs to identify those properties that can be brought back into use relatively quickly.
- 90 It is important to retain some resource to deal with empty homes outside identified housing regeneration areas where it can be evidenced that the empty home is directly causing neighbourhood blight. The private sector

housing team take a proactive, informal approach to influence and encourage owners to bring empty homes back into use including:

- Face to face meeting with owners to assess needs and develop a set of actions designed to bring the property back into use;
- Advice on becoming a responsible private landlord where sale is not an option;
- A free tenant referencing service for new and existing landlords in identified housing regeneration areas;
- Access to loans to complete essential repairs through the council's financial assistance policy;
- Free advice and support regarding disrepair and refurbishment needs including drafting schedules of work if required.

91 The Housing strategy delivery plan included future actions to increase the council's effectiveness at bringing empty homes back into use, notably the establishment of a range of private sector leasing schemes, and setting a policy and framework for the use of Empty dwelling Management Order and Enforced sales. Once informal approaches have been exhausted the team prioritise empty homes that will be brought back into use using an enforcement approach as detailed in the joint protocol with the council's Environment Protection Team (Appendix A)

#### **Empty Homes – How big is the problem?**

92 In February 2012, there were approximately 740,000 empty homes nationally, with around 300,000 of these being empty for over six months. The national vacancy rate stands at around 3.3% which given the current economic downturn is not far above the academically accepted figure of 2.5% which represents a flourishing housing market.

93 This national figure for empty homes has fluctuated between 700,000 and 800,000 over the last 10 years, suggesting that, the problem of empty homes is not an increasing occurrence.

94 Statistics for the North East region in comparison to the other 8 "regions" of the country indicate that London did not share the "peaks and troughs" that the other areas of the country had experienced regarding empty homes.

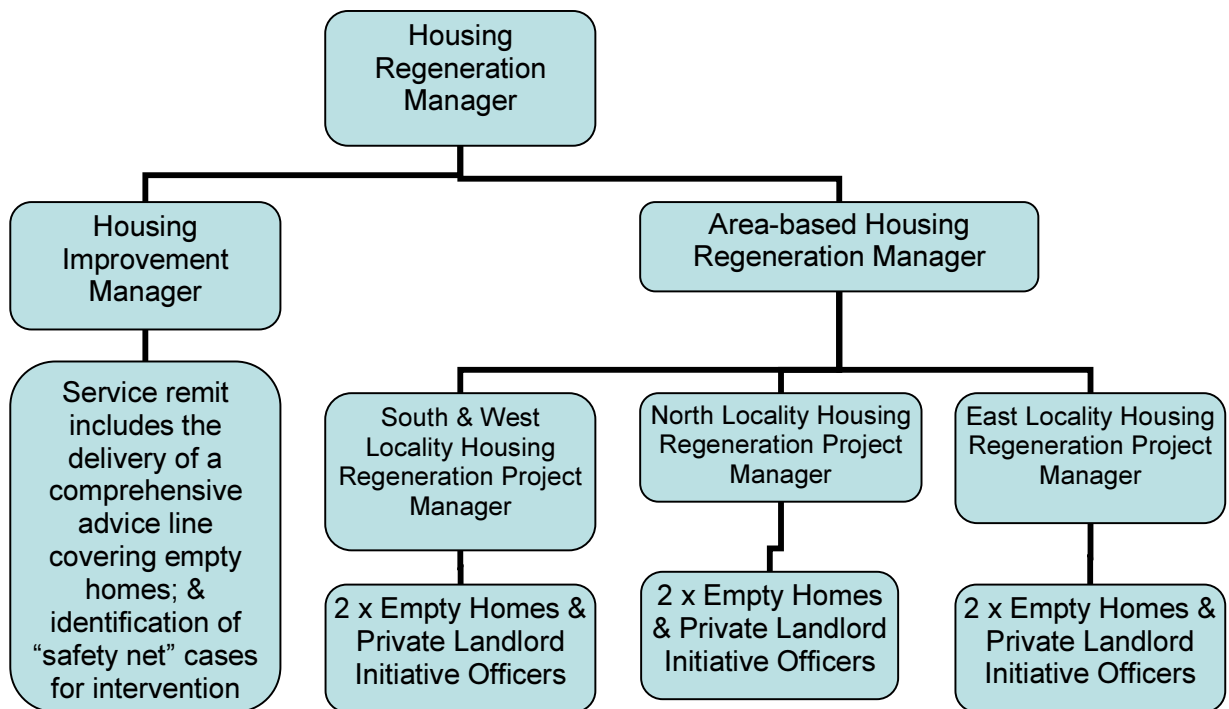


Regional totals	2004	2005	2006	2007	2008	2009	2010	Increase / decrease 2004 to 2010
North East	45,732	47,598	48,287	48,099	50,375	47,243	46,399	Inc. 667 1.45%
North West	128,835	132,543	137,253	141,186	144,907	142,863	136,273	Inc, 7,438 5.77%
Yorkshire & Humber	86,300	85,686	90,947	101,091	102,582	98,604	92,819	Inc. 6,519 7.55%
East Midlands	59,087	63,225	65,458	70,084	71,488	70,448	67,726	Inc. 8,639 14.16%
West Midlands	80,944	77,435	79,208	80,401	83,320	77,869	74,876	Dec. 6068 7.49%
East of England	65,665	66,799	68,509	69,107	72,773	72,891	69,651	Inc. 3,986 6.07%
London	86,733	85,571	86,701	84,627	84,126	85,062	79,971	Dec, 6762 7.79%
South East	97,804	100,480	102,812	101,809	102,884	103,470	99,277	Inc 1,473 1.50%
South West	59,835	64,172	65,756	66,915	70,664	72,171	70,499	Inc 10,664 17.82%

- 95 This suggests that, contrary to the popular myth that our region was one of the worst for empty properties, the statistics show that the North East was the third best performing area and that the figures for Durham showed similar trends to those nationally and regionally with the current figure of 9750 empty homes for Durham being approximately that of the 2004 figure of 9,592.
- 96 The number of empty homes cross the County was varied with some areas having larger numbers of empty homes, some having less, the average vacancy rate being 4.3% and the peaks being around 10% in the main mining communities. Examples of this are detailed in paragraph 111. Whilst the rate was above the national average, it was in line with the current economic climate within the County and that by targeting those areas with the higher figure of 10%, i.e. the mostly former coalfield areas it should be possible to reduce the average figures.
- 97 It is for this reason that, in an ever increasingly tight resource envelope, the Council has adopted a strategic option embracing a two tiered approach to dealing with empty homes as follows:
- Concentrated work in identified housing regeneration areas with the worst housing conditions and highest levels of deprivation, and
  - A safety net service to deal with empty homes outside identified regeneration areas that are deemed to be contributing to neighbourhood blight.

## Staffing Resources to tackle empty homes

- 98 Coinciding with the adoption of a clear strategic approach for dealing with empty homes, the Council announced savings required in its Medium Term Financial Plan 2011/12 and within the Regeneration and Economic Development (RED) Service Grouping individual service areas were issued with savings requirements.
- 99 A new Housing Renewals/Regeneration service structure was formally agreed as part of the RED restructure process in April 2012 as follows:



- 100 There are 6 Private Landlord/Empty Homes Officers all posts are now filled. The post is a combined role which deals with landlord initiative issues and also bringing empty homes back into use. Out of the total of 6 officers - 2 officers are based in a locality team in the North of the county at the Stanley office, 2 officers are based in a locality team in the East of the county at the Seaham office and 2 officers are based in a locality team in the South of the county at the Spennymoor Office.
- 101 In view of the multi-functional role of these posts, this full staffing compliment amounts to 3.8 Full Time Equivalent (FTE) Officers dealing with empty homes.
- 102 The Working Group consider that whilst it is important to measure the number of properties brought back into use as a consequence of direct

- officer intervention it is of equal, if not higher importance, to consider whether the Council's holistic regeneration approach is increasing confidence in the private sector and if this is having a desired impact on vacancy rates in identified regeneration areas.
- 103 It has proven difficult over a period of significant change in respect of staffing to benchmark performance in this area, although it has been generally agreed that the previous target of bringing back 70 empty properties into use was too high and unachievable in the circumstances. This was reduced to 50 for 2012/13 which the Working Group consider is more reasonable.
- 104 The introduction of integrated teams has led to an improvement in the number of empty properties being brought back into use during the course of the review, as reflected within the information obtained during the site visits to three priority regeneration areas, although the revised target is still not being achieved.
- 105 During the course of the Review, the Working Group were informed that the changes implemented within the Housing Renewals/Regeneration service of RED, sought to provide a greater focus for staff by way of appraisals/PDP activity, to enable SMART targets for bringing empty homes back into use to be developed and initiatives aimed at facilitating this to be implemented.
- 106 During the review, reference has been made to the principles attached to the New Homes Bonus where local authorities receive an award equivalent to 6 years Council Tax on each empty property brought back into use. Further detailed information on this is described in paragraphs 163 to 165.
- 107 The working group did suggest that any surplus from the changes on Empty Homes e.g. rebates and council tax, that the Council should consider using resources generated from this to support work bringing empty homes back into use. Additional Empty Homes staff be employed and the costs of these staff be funded by the additional "New Homes Bonus" resource generated as a result of the empty homes brought back into use by these additional staff. This would reaffirm that tackling empty homes was a key regeneration priority for the Council and enable significantly more empty homes to be brought back in to use than at present.
- 108 The Working Group have also noted, however that as well as the requirement for staffing costs, additional financial resources would be required to fund any improvement works required to empty properties identified. This additional Capital funding would have to be prioritised against other schemes within the Capital Programme.

- 109 The Working Group have been provided with the following preliminary costings associated with this proposal:-

Salary and on Costs X 1 Empty Homes Officer	Estimated number of empty homes brought back into use	Estimated Additional Capital Funding Required	New Homes Bonus (band A property per year £959.00)
£31,592	20	£150,000	£19,180

- 110 Whilst the figures suggest that there would be a shortfall between the annual cost of employing an additional Empty Homes Officer and the additional New Homes Bonus that could be received from the additional 20 properties brought back into use. Capital resources that would be required to bring these properties back into use are in the region of £150k. So while Empty Homes may be being brought back into use, other factors, outside of our control could be acting to reduce the bonus level or eliminating it altogether as was the case last year. It is not a guaranteed income stream and cannot be relied on. Accordingly, the Working Group considers that this initiative should be investigated further.

### Area Based Housing Regeneration

- 111 An ambitious target of bringing 70 properties back into use was set for 2011/12, with 60 of those to be within the 8 priority regeneration areas, 10 being “safety net” areas. This was revised down to 50 (40 within the 8 priority regeneration areas and 10 within “safety net” areas).
- 112 In examining the extent of the problems within the priority Regeneration areas, the Working Group noted the following table showing the 8 housing regeneration areas and the total number of properties, those empty and that figure as a percentage of the total housing in those areas.

Housing Regeneration Areas	Total Properties	Total Empty	% Empty
<b>EAST</b>	<b>3005</b>	<b>246</b>	<b>8.18</b>
Dawdon	794	74	9.32
Easington Colliery	1111	145	13.05
Wheatley Hill	1100	27	2.45
<b>SOUTH</b>	<b>1540</b>	<b>181</b>	<b>11.75</b>
Dean Bank	804	122	15.17
Chilton West	382	30	7.85
Ferryhill Station	354	29	8.19

<b>NORTH</b>	<b>575</b>	<b>39</b>	<b>6.78</b>
Esh Winning	128	4	3.12
Craghead	447	35	7.82

- 113 The working group has examined the Private Sector Housing Renewal delivery plan which details the following priority actions and initiatives aimed at tackling Empty Homes:-
- Undertaking a review of the regeneration vehicles adopted by the County Council with a view to establishing a vehicle that levers in private sector funding for housing renewal in areas of need including the utilisation of DVRC as a private sector housing regeneration vehicle where appropriate;
  - Delivering housing regeneration projects in all of the priority Regeneration areas including improvements to properties, Group Repair schemes, Environmental Improvements, Selective licensing, acquisition and demolition and energy efficiency works;
  - Engaging effectively with the Homes and Communities Agency to lever in funding to improve private sector stock condition;
  - Developing an approach for the identification of future areas of opportunity or at risk of market failure;
  - Maximising the take up of loan products across the County;
  - Enabling private sector landlords to advertise their properties as part of Durham Key Options;
  - Introducing leasing arrangements for private sector properties to bring empty properties back in to use via a lettings agent.
- 114 Members feel the above initiatives are not mutually exclusive and also require significant financial resources and access to funding streams to enable their implementation and delivery.

#### **Area Based Regeneration – Site Visits to Priority Areas**

- 115 As part of the review process, the Working Group agreed to undertake site visits to areas of the county which had been subject to various regeneration initiatives aimed at bringing empty homes back into use.
- 116 The site visits took place on Tuesday 27 November 2012 and were attended by Councillors John Moran, Alice Naylor and Bob Arthur. Unfortunately, owing to a severe bout of inclement weather and heavy

flooding, a number of apologies for absence were received from other Councillors.

117 The Working Group attended site visits at:-

- (a) Easington Colliery
- (b) West Chilton
- (c) Craghead

118 At each venue, members took the opportunity to talk to local residents about their experiences of the regeneration initiatives in the local area as well as a letting agent in Easington Colliery and a property developer within Craghead who were working in partnership with the County Council.

Wembley, Easington Colliery

119 Members met at Easington Colliery Parish Halls and were taken on a walk about around John Street, Thomas Street, Thorpe and Noble Streets by Alan Hunter, Area based Housing Regeneration Officer. Also in attendance were local residents and a housing portfolio manager for Castledene Property Management.

120 Members were informed that the Wembley area had been designated as an area of Selective Licensing for private rented accommodation the aim of which was to reduce incidences of anti social behaviour, improve property and management standards, increase housing demand and, help bring the value of residential premises in the affected areas to a level which is in line with other comparable areas. It also assists to decrease the turnover in occupiers and provide a balanced mix of tenure across the community helping to attract local facilities back to the area.

121 Selective licensing helped to:

- secure good, reliable tenants;
- improve the stock of rented housing ;
- reduce anti social behaviour ;
- improve the local neighbourhood .

122 Such selective licensing schemes also provide an opportunity to engage with landlords in wider strategies and initiatives. This includes crime reduction and providing support to vulnerable groups who are often occupiers of privately rented property which is poorly managed and maintained. Members noted that following the closure of Easington Colliery in 1993, with the loss of 1,100 jobs, there was a decline in the housing market which led to a steep rise in the level of privately rented properties in the area. The problems associated with poorly managed

privately rented properties, particularly in the 'Wembley' area, had been continually highlighted to us by residents. As a result, various initiatives aimed at improving housing conditions and the environment have been put in place over recent years.

123 Despite these projects, Wembley had continued to suffer from low demand housing and high levels of anti-social behaviour. As a result, there is a need to regulate the management of private rented property within the area. Following extensive consultation with residents, landlords and stakeholders, selective licensing to the area was introduced. There are six residential streets in the Wembley area which are affected by the scheme. These are:

- John Street
- Thomas Street
- Thorpe Street
- Noble Street
- Hawthorn Street
- James Street



#### **Empty properties in Wembley, Easington Colliery**

124 Members were advised that with a mixture of Capital resources and using the Financial Assistance Policy(FAP) the regeneration project within the Wembley area of Easington Colliery aimed to deliver :-

- Group repair of 195 properties split over 3 phases (subject to funding);
- license 100% of licensable properties;
- Reduce vacancy levels in the Wembley area to 4% or below;
- Increase average SAP ratings to above 65 (to a defined number of properties);
- Have 100% of stock free from Cat 1 hazards (only for the properties in the designated licensed area);

- Have 10 owner occupiers take up a FAP loan product(over the lifetime of the strategy and subject to funding).
- 125 It was noted that the capital costs of the three phases were £826,000 (Phase 1), £827,000 (Phase 2) and £850,000 is budgeted for Phase 3. Whilst acknowledging the large investment of resources that had been made into the scheme, it was highlighted that the lack of such intervention in the area may have resulted in an even greater deterioration of the housing stock and a need to pursue a Clearance/Compulsory Purchase approach which would have been more time consuming and even more costly.
- 126 Local residents indicated that they had had initial reservations about the selective licensing proposal and also the Group repair proposals. They were concerned at the potential cost to residents of their contribution (25% of total works). However, these were alleviated when it was reported that this contribution was nil if the residents were in receipt of specified benefits. Examples of works undertaken as part of this scheme included double glazed doors and windows, re-pointing and repair of brickwork, walls and chimneys, new rainwater goods, wrought iron fencing and replacement wall ties.



### **Group Repair properties in Wembley, Easington Colliery**

- 127 Members were advised that 86% of local residents and landlords had signed up for the group repair scheme in Phase 1 and 83% in Phase 2 and, as a result of these initiatives, void levels in the Wembley area of Easington Colliery had reduced from 43 to 28 more recently, a reduction of 65% . Local residents attributed this to the quality of the works provided and the fact that investors were now keener to invest into the Wembley area and also the properties were attracting a better standard of tenant and fostering a more closely knit local community.



- 128 The housing investment portfolio manager with Castledene Properties, a housing partner with a local office in Easington Colliery confirmed that he had seen an increase in demand for properties in the Wembley area and an increasing number of investors wanting to invest in the Easington Colliery area.
- 129 One issue that was highlighted as a concern for both local residents and also Housing developers/private landlords was the potential implication of the Governments Welfare Reform proposals and the corresponding impact that that may have on those people currently renting properties in the private sector who were currently in receipt of Housing/Council Tax benefit and were under-occupying. This would be a serious issue in the near future in light of Landlords wanting to ensure that they attracted maximum rental income from their property portfolio and also the lack of single person accommodation in the area.
- 130 A final issue of concern to both the Area based Housing Regeneration Officer and local residents was the cessation of the Selective Licensing scheme in March 2014. In their view, it was essential that the Council sought to examine the options available to it to continue this initiative in light of the benefits that it had delivered.

#### West Chilton

- 131 Members met at Henderson House, Coleridge Road, Chilton and were taken on a walk about around Dene Terrace, Dale Street and Norman Terrace by Vicky McCourt, Area based Housing Regeneration Officer. Also in attendance were local residents.
- 132 Members were advised that the Council currently operated selective licensing designations in Dean Bank, Ferryhill and Chilton West and are required to evaluate them before the end of their five-year term in February 2013. A 10-week consultation to learn your views on selective licensing in the designated areas had been undertaken to evaluate whether the scheme has achieved its aims and helped improve the Dean Bank and Chilton West areas.



### **Empty Properties in West Chilton**

- 133 Members heard that the challenges of poor stock in the private sector has been confronted through a long term commitment to clearance in some of the settlements south of Spennymoor, including Chilton. Members were advised that these clearance schemes involved a negotiated purchase and demolition approach rather than the traditional CPO arrangement.
- 134 Members were advised that with a mixture of Capital resources and using the Financial Assistance Policy(FAP) the regeneration project within West Chilton aimed to deliver :-
- The acquisition and demolition of 57 residential properties and 10 garages;
  - Reduce vacancy levels in the area to 4% or below;
  - Increase average SAP ratings to above 65 (to a defined number of properties);
  - Have 100% of stock free from Cat 1 hazards (only for the properties in the designated licensed area);
  - Have 10 owner occupiers take up a FAP loan.
- 135 Members were informed that a mix of capital and General Fund resources in the sum of £748,000 had been used to deliver the various regeneration initiatives.
- 136 Members were advised that 13 empty properties had been brought back into use in 2012 as a direct result of local authority intervention in the area against a target of 15.
- 137 In respect of the Selective licensing scheme, Vicky McCourt reported that 138 out of a possible 420 properties were currently licensed.

- 138 Regarding the ongoing Capital works in the area, members were advised that there may be some slippage in this area due to protracted negotiations that were currently ongoing with a number of landlords. There was a degree of frustration within the local area and amongst residents who might not see immediate work being done because of these negotiations and their confidential nature. There was therefore a challenge to the Council in publicising its efforts and seeking to reassure the local community that the Council was taking steps to address the situation.
- 139 Referencing these ongoing negotiations, Vicky McCourt indicated that the commencement of partial demolitions may encourage those landlords who had not yet signed up to the negotiated acquisition and demolition scheme to do so if they felt that CPO was ultimately pursued and they obtained a lower sales price than they could have previously by way of negotiation.
- 140 Reference was made to the cleared site of Dale Street which local residents already welcomed as an improvement to the local environment. Members were informed that plans were currently on display for the provision of a Health Clinic on this site. However, it was acknowledged that given the current economic climate, the value of cleared sites for re-development was low and the availability of investment funds for developers was also curtailed.



**Cleared Dale Street Site, West Chilton**

- 141 Members were advised that negotiations were also ongoing with “Livin” housing providers to undertake a 3 phase development planned in the Chilton area.

## Craghead

- 142 Members met at 9 Wylam Street, Craghead and were taken on a walk about around Wylam Street, Railway Street and Edward Street by Adrian Cattle-Jones, Area based Housing Regeneration Officer. Also in attendance were local residents and a representative of Chrome Property Maintenance Ltd also who owns several properties within the area.
- 143 The Area based Housing Regeneration Officer reported that the Craghead Housing Intervention Project (CHIP) began in April 2007 with its overall aim being to improve housing conditions and to strengthen the housing market in that area. The main intervention area includes just over 119 private sector terraced dwellings within 5 key streets in central Craghead.
- 144 Initially the first phase of the programme commenced in 2007/08 included, acquisition and demolition of a small number of failing private sector housing. The second phase of the programme commenced in September 2009 and encompasses a range of environmental improvements, The third phase commenced in August 2010 and was completed in June 2011 included boundary wall treatment works which are being undertaken to the identified 119 terraced private sector housing within the area. The fourth phase which commenced in June 2011 includes group repair works comprising of renewal of roofs, doors, window, inclusion of an energy efficient render system and work is under way to facilitate the fitting of photovoltaic cells to properties. Work is progressing with Craghead Development Trust to develop a business plan linking with Homes and Communities Agency and Derwentside Homes to bring empty homes back into use.



**Improved/Non-Improved Group Repair Properties at Craghead**

145 Members were advised that with a mixture of Capital and General Fund resources and using the Financial Assistance Policy(FAP) the regeneration project within Craghead aimed to deliver :-

- Improvements carried out to 137 properties;
- group repair to 89 properties;
- environmental improvements;
- Provision of free solar P.V. panels through Scottish and Southern Electricity;
- Reduce vacancy levels to 4% or below;
- Increase average SAP ratings to above 65 (to a defined number of properties);
- 100% of stock free from Cat 1 hazards;
- Working with Craghead Community development trust to develop Business Plan to bring empty homes back into use;
- 10 owner occupiers to take up a FAP loan product (over the lifetime of the strategy and subject to funding).

146 In discussing with residents the benefits of the groups repair works and also the solar P.V. Panels installed by Scottish and Southern Electricity, Mrs Talbot indicated that she had used 387 units less energy over the last year compared with the previous 12 months.

147 Members were informed that the project had also brought in around £800,000 of energy grants. In examining the improvements mad to the external walls of the properties, the Area based Housing Regeneration Officer reported that this was an innovative insulated render which effectively improved the properties' SAP ratings from G to B, the equivalent of a new build property.



**Environmental Improvements and Solar Panels in Craghead**

- 148 The Working group noted that the some property values in the Craghead regeneration area had increased from £25,000 in 2010 to £70,000 in 2012 as a direct result of the various initiatives that have been introduced.
- 149 The importance of effective partnership working was emphasised with references to the joint work being undertaken between the County Council and Groundwork North East, Craghead Development Trust, Derwentside Homes and investors such as Chrome Property Maintenance.
- 150 Members were advised that void rates within Craghead had reduced from 20% to 7% and that there was now a demand for housing properties in Craghead via the Durham Key Options scheme.
- 151 In discussing the Regeneration projects being delivered in Craghead, members noted comments from Chrome Property Maintenance described as an ethical investment project, working in regeneration areas to bring empty homes back into use, streets back into communities and give communities back their pride. Working with local councils his company pinpointed suitable properties within an agreed area, negotiated purchase, arranged conveyancing, renovated to a high standard with an agreed specification, and rented the property to a fully accredited tenant.
- 152 In discussing the business model adopted by Chrome, members were advised that there was a risk to the ability of companies to continue to invest in such ventures because of the reluctance of financial institutions to release investment resources to developers whose existing property portfolios contained a registered charge against them. Such a charge existed where investors were offered properties at a discounted rate and invited to refurbish them to an agreed standard with the proviso that this discount would have to be repaid if the property was subsequently sold on with a specified period (often five years).



**Before/After – Group Repair properties in Craghead**

- 153 It was suggested that there may be ways in which the Council could alter the conditions attached to such initiatives in order to enable continued

investment by such reputable companies with proven track records of delivery.

- 154 The work undertaken within the 8 priority areas aimed at bringing back empty homes into use, including initiatives such as Selective Licensing, Compulsory Purchase/Clearance, negotiated purchase and purchase and repair/leaseback schemes, indicates that these have been effective in reducing the levels of vacant properties in these areas.

## Funding Streams

### Affordable Homes Programme

- 155 As detailed earlier in the report, the Government has announced £100 million capital funding within the Affordable Homes Programme to tackle problematic empty homes – that is properties that are likely to remain empty without extra direct financial support from the Government. This funding was aimed at engaging local communities in dealing with empty homes in their area. The majority of the funding is available from 2012–15 and will be administered by the HCA for conventional housing providers such as Registered Providers, and by a national intermediary for self-help, community and voluntary groups. The funding available may be used to bring empty homes and other types of property, including commercial property, into use as affordable housing, although existing social housing will not be eligible for funding.
- 156 As part of the Affordable Homes programme, the Working Group has been advised that the Council is working with partners to deliver the following schemes that will bring back into use 95 empty properties between 2012 and 2015. A total award of £1,791,400 has been received from the programme.

Organisation	Funding Allocation from HCA	Number to deliver between 2012-2015	Method of bringing empty homes back into use
Livin	£630,000	35	Purchase and repair
Derwentside Homes	£136,000	8	Purchase/lease and repair
Durham Action on Single Housing (DASH)	£270,000	8	Purchase and repair
Craghead Development Trust	£75,000	4	Purchase and repair
Five Lamps	£680,400	40	Lease and repair

## HCA “Cluster Programme”

157 The Working Group also note the Homes and Communities Agency’s “Cluster Programme” which had been allocated £70m to target specific clusters of empty properties within the private sector. In examining the criteria behind the “Cluster programme”, the working group noted that bids made under this scheme:-

- A “cluster” must have a minimum property vacancy rate of 10%;
- The cluster must be a defined area;
- The cluster bid must bring a minimum of 25 properties back into use per cluster;
- Any allocation made by HCA under the cluster bid programme must be match funded and “re-cycled”.

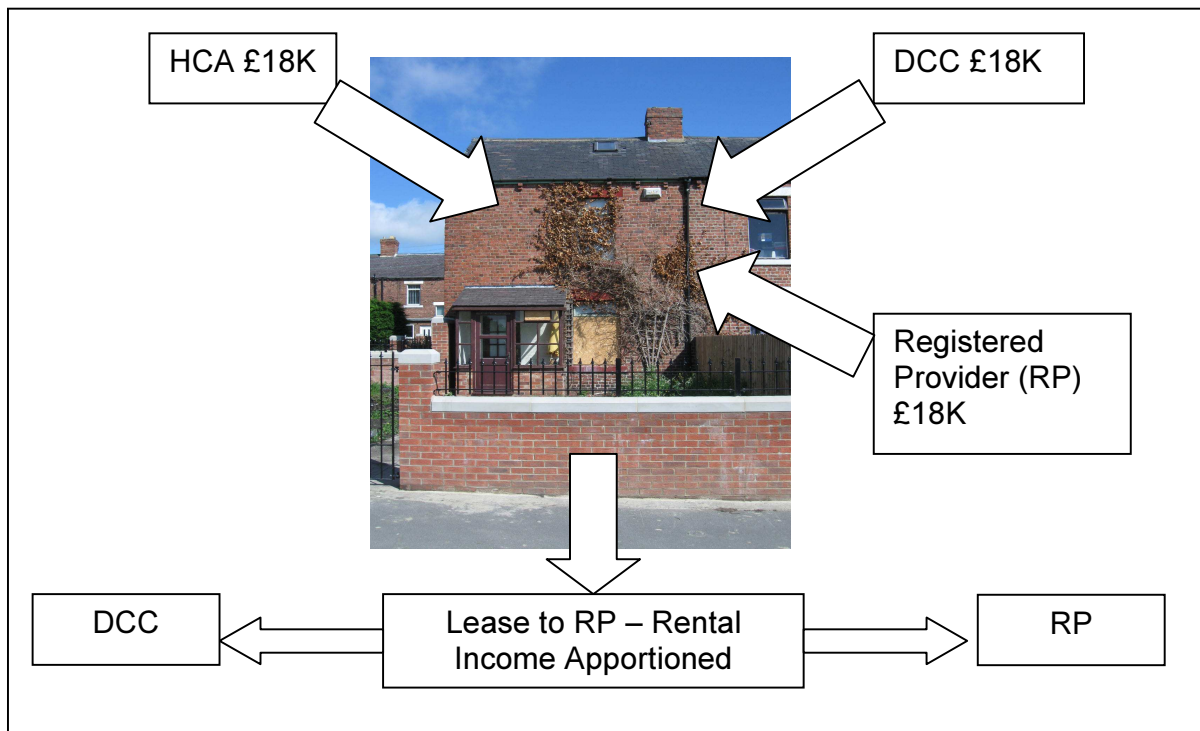
158 Given the aforementioned criteria, Housing Officers had undertaken a significant amount of research into the potential of bidding into the “Cluster Bid” pot, examining all areas within the County which had a vacancy rate of 10% or greater. This initial trawl, gave a potential total of 200 properties that could be suitable for the submission of a cluster bid. This figure was subsequently refined to 120 to ensure that the Bid could be delivered within the existing staffing capacity and the requisite timeframes.

159 Members noted that the County Council’s bid was successful to the tune of a £2.12m award from HCA which would bring back into use 120 empty properties through a purchase and repair model. Further worked developed the bid with the Cluster Bid breakdown being:

AREA	Total Homes	Voids	Total to be brought back into use	Average Void Period
Wembley ‘B’ Streets – Easington Colliery	362	103	40	2yrs - 5yrs
South Durham Coalfield – Dean Bank, Chilton and Counden Grange	2375	378	55	2yrs - 5yrs
Craghead, South Moor	1400	161	25	1yr – 2yrs



- 160 In examining the proposed purchase and repair model, the working group have received a detailed breakdown of how the funding mechanism for such a scheme operated in generating a steady stream of rental income which could be recycled into further purchase and repair properties.
- 161 The purchase and repair model demonstrated below utilises HCA funding matched by the County Council to purchase an empty property on the open market. Thereafter, the Registered provider working in partnership with the Council would then lease the property, fund and undertake the required repairs/improvements and rent out the improved property. The rental income would be split between the RP and the Council.
- 162 Under the model, the rental income received by DCC would be ringfenced to enable further properties to be purchased and brought back into use thus “recycling” the initial funding. Also, the possibility of sale of properties after a period, in areas where this would stimulate the housing market, may provide a capital receipt that is re-invested in order to bring more properties back into use.



**Fig - Purchase and Repair Model**

## **New Homes Bonus**

- 163 During the working group's examinations, reference has been made to the Government's New Homes Bonus proposals which enabled Government to match fund the Council Tax on long-term empty properties brought back into use for six years, using the national average in each band, with an additional amount being provided for those brought back into use as new affordable homes.
- 164 In considering the new homes bonus, information was provided to the Working Group which highlighted that, from 2013/14 grant allocations, the Government intended to top slice funding from councils core grant to redistribute as New Homes Bonus. Previous MTFP reports to Cabinet on 10 October 2012 identified that the council had lost £1.69m in funding overall due to the introduction of New Homes Bonus for 2011/12 and 2012/13. The top slicing of New Homes Bonus from core council funding in the future would continue to redistribute funding to areas of significant house building growth from those where house building growth is more depressed and the loss of funding including 2013/14 is forecasted to increase to £3.3m.
- 165 However, whilst having dedicated officers to tackle empty homes has enabled progress to be made in bringing empty properties back into use, the rate at which this is happening is being offset by the increased volatility of the housing market and the current recession which has meant that the potential new homes bonus gain is being offset by more long term empty properties coming into the housing market.

## **Local Council Tax Support Scheme and associated proposals**

- 166 Consideration has been given to the implications of the proposed Local Council Tax Support Scheme (LCTSS), which replaces the Council Tax Benefit Scheme from 1 April 2013, and the opportunities to review a range of discounts linked to empty properties and second homes.
- 167 On 12 September 2012 Cabinet considered a report and agreed that:
- (i) The Council would undertake consultation on introducing a Local Council Tax Support Scheme from 1 April 2013 that retains the same level of support to council tax payers as the current Council Tax Benefit Scheme;
  - (ii) The Scheme would be initially introduced for one year only and be kept under continuous review with a further decision to be considered by Cabinet in September 2013;
  - (iii) The Council would undertake consultation on withdrawing all the discounts currently awarded for Class A, C and L empty properties,

plus removing the remaining 10% discount on second homes and charging an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax:

- (a) Class A relates to properties which are empty, unfurnished and undergoing major structural work to make them habitable. Currently, properties falling within Class A are exempt for a maximum period of 12 months after which time, Council tax is charged at 100%. The Government was proposing to allow discretion over the amount of discount awarded, including the ability to withdraw the discount in full, but no discretion to vary the 12 month qualifying period;
- (b) Class C relates to properties which are empty and unfurnished. Currently, properties falling within Class C are exempt for a maximum period of 6 months after which Council tax is charged at 100%. The Government was proposing to allow discretion over both the amount of discount awarded, including the ability to withdraw the discount in full, and the ability to vary the level of discount over time;
- (c) Class L relates to properties which have been repossessed by banks and building societies due to defaults on mortgages and are unoccupied. Currently, properties falling within Class L are permanently exempt until the property is sold or let. The Government was proposing to allow discretion over the amount of discount awarded, including the ability to withdraw the discount in full.

168 In considering these Cabinet recommendations, the Working Group considered that the removal of the Council Tax discounts for empty homes would potentially raise resources which could be allocated to bring even more empty homes back into use via a range of initiatives previously identified, including Group Repair and Purchase to lease.

169 On 28 September 2012, the Government published a further consultation document relating to the proposed long term empty property premium. This consultation document set out the Government's views on the circumstances in which dwellings should not be liable for the empty property premium. These revised proposals stated that councils should not apply the premium to a dwelling which is "genuinely on the market for sale or letting". This change had a significant impact on the previous financial modelling.

- 170 Whilst the Council does not hold data relating to which long term empty properties fall into this category, it would have seemed likely that the majority of owners would be able to justify that they are trying to sell or let their property, therefore making the proposed changes difficult to administer and to raise additional council yield from.
- 171 In addition, it has come to light that Registered Social Landlords as charities should continue to be exempt from council tax for any void properties for the first 6 months under a Class B exemption rather than being liable for council tax from day one on any void properties by the proposed removal of the Class C exemption. Reclassification of RSL Class C exemptions has an adverse impact on council tax yield of £580k included in the previous financial modelling.
- 172 A report to Cabinet on 14 January 2013 agreed to recommend to Council:
- (a) adoption of a Local Council Tax Support Scheme in 2013/14 that seeks to protect entitlement to the new discount in line with the level of Council Tax Benefit that would otherwise have been granted had the Council Tax Benefit system continued;
  - (b) that the Scheme be introduced for one year only and be kept under continuous review with a further decision for 2014/15 to be considered by Cabinet in September 2013;
  - (c) the withdrawal of the discounts currently awarded at Class A and C, plus the removal of the remaining 10% discount on second homes and introduction of an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax from 1 April 2013.
- 173 In doing so, it was noted that any resources raised as a result of (c) would be used to offset potential financial shortfalls within the MTFP in adopting a Local Council Tax Support Scheme that seeks to protect entitlement to the new discount in line with the level of Council Tax Benefit that would otherwise have been granted had the Council Tax Benefit system continued.

### **Financial Assistance Policy**

- 174 The Council's Financial Assistance Policy has been developed to provide assistance to vulnerable homeowners to improve and adapt their properties. It has three key objectives, namely to:-
- Improve and maintain healthy living conditions and so facilitate in dependent living;
  - Contribute to area regeneration and tackle poor housing condition;

- Encourage owners to make their homes more energy efficient and reduce fuel poverty.
- 175 The Policy focuses on providing financial options for those who are excluded from mainstream sources of finance. The combination of loan and grant products and the ability of the policy to tailor financial assistance to meet individual needs, contributes to the sustainability of the Financial Assistance Policy in the longer term.
- 176 The Working Group has also considered the number of empty properties that are currently within the ownership of financial institutions as a result of repossessions and/or where older properties have been part exchanged for new developments. In seeking this information, the working group note that whilst the number of empty homes repossessed stood at 175, there was no information available for the part exchanged properties.

### **Research into Empty Homes in Renewal Areas**

- 177 The Working Group the examined key findings of a research project into how key regeneration initiatives within three renewal areas had impacted upon empty homes in those areas. The research, conducted by ARC4 Consultants detailed:-
- (a) An analysis of voids in three target areas (Wembley (Easington Colliery), Dawdon and Dene Valley);
  - (b) Identifying an acceptable void rate for Durham;
  - (c) A survey of owners of empty properties to establish options and the appetite to bring homes back into use,
  - (d) to review models of best practice elsewhere which provided options on how to harness public sector and private financial assistance.
- 178 In considering current void levels in County Durham, the working group found that County Durham had around 10,000 empty properties, equating to 4.1% of the total dwelling stock. This was higher than both the national average (2.9%) and the regional average (3.6%). Of these:-
- 1.6% had been empty for less than 6 months
  - 0.7% had been empty between 6 -12 months
  - 1.7% had been empty over 12 months.
- 179 In considering what may constitute “an acceptable void rate for Durham”, it was noted that, whilst there was little agreement nationally regarding the acceptable transactional vacancy rate, the Council of Mortgage Lenders suggested that a rate of around 3% might be justified to reflect the current housing market.

- 180 Accordingly, using current vacancy rates within the County, County Durham had a surplus of 1.14% to this acceptable 3% “norm” which equated to 3,317 dwellings.
- 181 The Working group examined the key challenges identified by the survey in relation to the three target areas. These were as follows:-

Easington Colliery (Wembley) and Dene Valley

Voids increasing

- Evidence suggested that the areas are in low demand
- The properties do not support modern family life; they lack outside space, off road parking etc and there is a lack of property choice in the areas.
- There are high numbers of empty properties, high turnover and high levels of multiple deprivation.
- Many homes appeared to be in very poor condition.
- Areas require holistic regeneration approach and intervention.

Dawdon

Voids were relatively stable

- Some evidence that a number of empty homes were going into auction and the problem of absentee landlords moving into the area may become a bigger issue in the near future.

- 182 The Working Group noted that feedback suggested that these regeneration areas have a number of social and economic issues that cannot be addressed merely through improvements to empty properties alone. It was also suggested that wider environmental regeneration initiatives and interventions were required to ensure that these neighbourhoods function in terms of the social, economic and housing offer.
- 183 In examining the views expressed by owners of empty properties in these areas, the Working Group found that:-
- Properties have been purchased as an investment and solutions to return them to use, need to take this into account;
  - Owners do believe that the areas that properties are located in are worth further investment to improve them;
  - Many properties are in need of substantial repairs which owners claim they cannot afford to undertake;

- The majority of owners see property rental as a long term solution and wish to retain ownership but require support to do this in terms of advice or a managing agent;
  - Some owners would prefer to sell the property and are unable to do so in the current housing market conditions and/or the current condition of the property;
  - Owners do not want equity loans, they want grants.
- 184 The Working Group acknowledged that, if the concerns of both owners of empty properties and also the Council in ensuring that the number of empty homes within the County were reduced and that this particular housing market was to be used to address some of the difficulties being experienced by prospective homeowners/tenants in gaining access to the housing market, then an agreed delivery model together with a suite of products aligned to funding availability needed to be developed.
- 185 Accordingly, the Working Group then examined examples of good practice in this field elsewhere in the country including leaseback arrangements, assistance for prospective owners (especially First Time Buyers) i.e. homesteading, Loans (interest free, equity loan, low interest), self help housing and community initiatives.
- 186 The Working Group noted that as part of the research project, Arc 4 had provided a number of recommendations on suggested future changes which included:-
- Providing interest free loans over short time scales of about 3-5 years;
  - Utilise equity loans in specific circumstances;
  - Not imposing a test of resources on property owners when examining what financial support could be offered to bring back empty homes in to use;
  - Not imposing too many loans conditions but linking those that might be considered to management standards adopted by private landlords;
  - Landlords being provided with guarantees for rental income and support in letting and managing the property;
  - introducing a degree of flexibility in the works that are required to improve empty properties and bring them back in to use, although basic standards must be met.
- 187 The research project also highlighted to the Working Group, a suggested new delivery model in partnership with commercial investors and housing associations to provide:

- Capital investment funding to purchase empty homes, undertake repairs and sell / and or rent them.
  - Lease empty homes, undertake improvements and then manage them to recoup initial investment.
  - Appoint a contractor to undertake improvement works as part of the partnership model, which could also include requirements to source local materials, employment opportunities as part of the renewal/improvement works.
- 188 Members noted that the adoption of such a delivery model where the local authority worked with other Registered Social Landlords and commercial investors and developers would enable some Homes and Communities Agency resources to be bid for.
- 189 Other potential sources of funding for such a model included the potential use of commuted sums and/or the potential sale of existing Council housing stock. Additionally, commercial investors could be invited to tender for being the Council's selected partner in such a partnership model to bring empty homes back into use.
- 190 The benefits of such a model were identified as follows:-
- Models of a sufficiently large scale can prove attractive to commercial investors and also enable economies of scale to be generated when considering block property purchases and also repairs/material costs;
  - Investors are provided with a stake in the delivery vehicle which can incentivise their level of commitment to renewal/improvement schemes;
  - Viable empty properties can be packaged with more problematic properties to lever in investment that might not normally be achievable;
  - It can enable an expertise and a positive track record to be developed which in turn could lead to more widespread and easier access to potential additional investors.
- 191 The Working Group were advised that in order to establish the viability of the potential development and delivery models, further work needed to be undertaken to ascertain the potential demand for the existing empty properties; the potential attractiveness of proposed models to partners and investors and the potential to reconsider eligibility criteria and products that might be available to prospective investors.
- 192 The Working Group were encouraged by the potential to develop a new delivery model in partnership with commercial investors and housing



associations that would enable the Council to bring back empty properties into use whilst reducing the financial commitment placed upon the Council in doing so. Members requested that further information be brought back to the Working group specifically on “leasing” and “Homesteading”.

### ***Case Study – Leasing – Coast and Country Housing Association***

- 193 Established in 2001, Coast & Country took over the ownership and management of homes from Redcar and Cleveland Borough Council as part of a large-scale stock transfer in July 2002. As the largest RSL in Redcar and Cleveland, it owns and manages a total of 10,057 homes, as at 31 March 2011, including 29 shared-ownership properties.
- 194 The Vela Group, Coast & Country Housing, along with Hartlepool, Redcar & Cleveland and Stockton Borough Councils formed a partnership to run an Empty Homes Project, with £2.9 million of funding from the Homes and Communities Agency.
- 195 The project has three-fold benefits, redeveloping long-term empty properties which can blight local communities, providing much needed affordable social housing and offering training places to help people into work.
- 196 Working with voluntary training agencies the project generates training and employment opportunities for unemployed people from the local areas. Members were advised that around 65 young people were either employed through or in training with the project.
- 197 Homes and Communities Agency (HCA) funding of £2.9m plus a total of £1.2m from the respective local authorities, has been earmarked for the project, which will run until 2015.
- 198 A minimum of 206 homes will be refurbished as part of the scheme, with 76 in Stockton, 72 in Redcar and 58 in Hartlepool undergoing improvement.
- 199 Under the scheme, the owners of properties in Hartlepool, Stockton and Redcar which have been unoccupied for more than six months, are offered a package of refurbishment work in return for leasing the property through Vela or Coast & Country.
- 200 This recyclable model equates to £16m extra funding over 10 years.
- 201 The Working Group noted that the properties selected as part of the scheme are those for which a demand has already been identified rather than concentrating on specific renewal areas.
- 202 Refurbished homes are then re-let to local people at an affordable rent level and are managed by the Registered Social Landlord.

- 203 The Working Group noted with interest the financial model adopted by Cast and Country whereby a grant covers 20% of the cost of refurbishment with the remaining public funding being , in effect, a free loan paid back through the rental income generated from the leasing on of the property. Any additional costs required are met from the owners of the property.
- 204 The training and employment costs associated with the project are included within the refurbishment costs.
- 205 A proportion of the rent (20%) is taken by the RSL for management and maintenance of the refurbished property and the risk associated with bad debt and subsequent voids is taken by the landlord.
- 206 The average cost of refurbishment over the last two years has been £21,000.

***Case Study – Homesteading – Riverside Housing Group***

- 207 The Riverside Group was formed in 2001 and is one of the housing and regeneration organisations in Britain, managing and owning more than 50,000 homes from Carlisle to Kent, and employing over 2400 staff.
- 208 “OwnPlace” is a Riverside Group initiative involving the sale of empty properties for home ownership to local people.
- 209 The properties are mainly 2 and 3 bedroom terraced houses, some of which have been empty for some time. Some are in poor condition, but under the scheme Riverside carry out structural repairs and some improvement works to bring all properties up to a standard which allow buyers to secure a mortgage on the property.
- 210 The properties will be sold at market value (independently set), but buyers will receive a grant from Riverside equivalent to 25% of market value. In other words if a property has a market value of £80,000, then allowing for the grant, the buyer would pay £60,000.
- 211 However Riverside will only sell homes to people intending to live in the properties themselves (owner occupiers), and only then on the condition that the property is not sub-let. In addition, the buyer will only be allowed to sell the property to another home owner, to stop the property being let by a private landlord.
- 212 The buyer keeps the grant provided they live in the property for 5 years. If they sell the property before then they will have to pay some or all of the grant back (on a sliding scale of 20% per year), much as Council tenants have to with a ‘Right to Buy’ discount.

- 213 The Model has been developed to tackle the problems associated with empty properties that are empty detracting from the image of the neighbourhood. Riverside Group believe that by selling some properties to home owners who are willing to stay in an area and invest in the homes, this will help stabilise the neighbourhood and make it more attractive to other people thinking of moving in. It will help shift the balance from rented accommodation to owner occupation.
- 214 The “OwnPlace” scheme is aimed at helping first time buyers onto the first rung of the housing ladder. A simple set of eligibility rules have been developed for the scheme that:
- Buyers must be 18 years or older;
  - They must either be renting a property or living with family or friends;
  - They must be able to show that they need help in buying a property because of limited income although they must also be able to show that buying a home (with the benefit of a grant) and looking after it is something they can afford to do.
  - They must be able to fund the purchase either through a mortgage or savings.
  - Some existing home owners may also be eligible – for instance if they need to move because their home is being cleared, or they need to move because of a relationship breakdown.
- 215 Purchasers are asked for personal and financial details so that checks for eligibility can be made.
- 216 “Own Place” has been shortlisted for a Regeneration and Renewal Award for the title of Best Use of Housing in Regeneration. The scheme has also named as a finalist in the UK Housing Awards in the Making Best Use of Stock category.
- 217 The availability of resources to tackle empty homes has been examined and whilst there are a number of Government led-initiatives aimed at tackling empty properties, these are largely aimed at a partnership approach whereby local authorities are encouraged to work with Registered Social Landlords, private register housing providers and local/voluntary community groups to tackle empty properties.
- 218 Accordingly, the above examples of best practice in other areas and the work already being carried out by the Council in partnership within the 8 priority areas merit are to be supported and developed. The proposed bids for programmes/schemes as part of the Governments Affordable Homes programmes and associated “Cluster Bid” programme are considered to represent the best opportunities for the Council to secure funding to bring empty properties back in to use in the identified priority areas.

## Other tools to tackle Empty Homes

- 219 The Working Group acknowledged that the Safer and Stronger Communities Overview and Scrutiny Committee have previously undertaken a Review which examined the Council's approach to Anti-social behaviour: People and places in June 2012. This review included information on the approach taken to reduce Anti-Social Behaviour with private sector landlords through the Council's Selective Licensing and Landlord Accreditation Schemes, the impact of empty properties and the tools available to the Council by way of enforcement to encourage empty homes to be brought back in to use, thus removing any potential anti-social behaviour or environmental blight.
- 220 Notwithstanding this, the Working Group have examined several of these tools which are available to tackle empty homes and also the way in which the Council provides advice, information, guidance and support to those private sector property owners looking to bring their empty properties back into use.
- 221 The Working Group noted that an advice line had been launched on 5 November 2012, with adaptations queries already being brought through to the Housing team. Members learned that the advice line was being broadened in order to provide one point of contact to enable landlords and tenants to contact the service for advice.
- 222 The Working Group were shown leaflets that had been developed by the Housing service which provided advice specifically targeted at:-
- Empty homes that may be a cause for concern in a local neighbourhood;
  - Private sector landlords letting properties in County Durham, and
  - Tenants living in a private rented property in County Durham.
- 223 Members also noted that by using the advice line to encourage the reporting of empty properties and other issues, evidence and information on such issues could be gathered and used to prioritise effectively targeted interventions. Members noted that issues that could be raised via the advice line included Anti-Social Behaviour (ASB) and blight and the appropriate teams have in place a Joint Protocol with Environmental Health for issues such as securing properties where they were open to access.

224 Councillors noted examples of advice and guidance that could be offered including:-

- “tenant matching”, where the Housing Solutions Team liaised with landlords looking for prospective tenants;
- acting as a “broker” where appropriate, helping with issues such as owners selling properties or accessing lettings/management agents;
- the development of an Empty Homes Toolkit aligning regional help and advice;
- access to the Council’s Financial Assistance Policy which could be used to enable a tenant to remain in a property or for a landlord to be able to let a property by providing loans to bring properties back into use.

225 In welcoming the development of the advice line, the Working Group stressed that this needed to be done in conjunction with the Council’s Website which, disappointingly, did not contain any information or advice regarding empty properties and was in urgent need of improvement/updating.

226 The Working Group noted that the Housing Regeneration service website was presently undergoing a re-design. Phase 1 was complete with Phase 2 due for completion in summer 2013 and work was currently taking place with the Web Admin team to agree a project plan for this.

#### *Empty Dwelling Management Orders*

227 The Working Group were advised that Chapter 2 of Part 4 of the Housing Act 2004 enabled the making of interim and final empty dwelling management orders by local housing authorities in respect of dwellings which are wholly unoccupied.

228 An interim empty dwelling management order was made by a local housing authority to enable it to take steps for the purpose of securing that the dwelling becomes and continues to be occupied. A final empty dwelling management order is made in succession to an interim empty dwelling management order for the purpose of securing that a dwelling is occupied (section 132 of the Act).

229 Section 133 of the Act set out the basis upon which a local housing authority may make an interim empty dwelling management order, which includes authorisation of the making of the Order by a residential property tribunal under section 134 of the Act. Section 134 sets out the matters upon which the residential property tribunal must be satisfied before it

authorises the making of an interim empty dwelling management order; these originally included that the dwelling had to be wholly unoccupied for at least 6 months (although from the 15th November 2012 this section has been amended to include that the property must have been empty for a two year period).

- 230 The Council had to consider other matters when pursuing EDMO's including that the owner must be notified in writing of the authorities decision to make an application to the residential property tribunal for authorisation of an interim empty dwelling management order this must be done no less than 3 months before it makes such an application.
- 231 In addition to this, all of the information the authority has must suggest that the dwelling has been causing a nuisance for the community, this would include properties which are blighting local neighbourhoods, acting as a magnet for ASB and that the community supports the proposed making of the interim empty dwelling management order by the local housing authority; (statements and supporting information are likely to be required from affected residents).
- 232 In considering the above, the Working Group acknowledged the demands that would be placed upon staff in collating evidence and pursuing an EDMO and also the length of time that would be taken up through the application process, at the end of which the owner of the property could invariably make any improvements that a tribunal might deem necessary to improve the property or bring it back into use.
- 233 Members were informed that there were 2 cases where the Authority was seeking EDMOs and at the stage of going to tribunal the owners had brought the properties back into use.

#### *Compulsory Purchase Orders*

- 234 This is normally used as a last resort where all other routes have failed. By serving a Compulsory Purchase Order on an empty property the local authority must be justified in its use and it is only used where there is no alternative.
- 235 A Compulsory Purchase Order is carried out under Section 17 of the Housing Act 1985 (as amended). This Act 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. The main uses of this power are to get land for housing. This includes bringing empty properties back into use as homes, and improving substandard ones. Usually where a local authority uses this power, the property is normally then sold to:

- a private-sector developer;
- an owner-occupier, or
- a registered social landlord.

236 As with EDMOs, the use of CPOs can be an extremely protracted process which often incurs significant costs to the local authority in terms of Home loss and disturbance payments as well as the legal costs associated with the process. Furthermore, once a site has been purchased and cleared, there is no guarantee that the cleared site will be attractive to developers particularly in times of economic downturn.

#### *Enforced Sales Procedure*

- 237 This is an existing power carried out under section 103 of Law of Property Act 1925 and can be an effective way of dealing with long term empty properties where the owner cannot be traced or is unwilling to work with the authority to bring the property back into occupation.
- 238 The procedure can only be carried out where the authority has placed a local land charge on the property where works in default have been undertaken (where the local authority has paid for works to be done in lieu of the owner who is unwilling to act or is untraceable).
- 239 The owner is given the opportunity to repay the debt prior to sale, if monies are not paid for within a specified time period the authority can then effectively act as a mortgagee and bring the property to sale on the open market at an auction or to a preferred buyer. All charges incurred by the Council would be cleared from the proceeds of the sale with the remainder paid to the owner.

#### *Local Government (Miscellaneous Provisions) Act 1982*

- 240 Under the joint protocol agreement with environmental protection service, Section 29 of the Local Government (Miscellaneous Provisions) Act 1982 gives the local authority the power to undertake works in connection with a building for the purpose of preventing unauthorised entry to it, or for the purpose of preventing it becoming a danger to public health.

#### *Town and Country Planning Act 1990*

- 241 The Town & Country Planning Act 1990 makes provision for the maintenance and improvement of the environment. Through the use of conditions and the planning application process, local authorities can seek quality enhancement in new development and the maintenance of high standards in environment works throughout the life of a development.
- 242 Section 215 of the Town & Country Planning Act 1990 provides the local planning authority with the power to take steps requiring land to be

- cleaned up when its condition adversely affects the amenity of the area. The local planning authority can serve a notice on the owner requiring that work is carried out and in some circumstances the local authority can undertake the work themselves.
- 243 The scope of works that can be required in S.215 are wide ranging and can include tidying, clearance, planting, demolition, re-building, external repairs and repainting. These and associated powers provide an effective mechanism for tackling unsightly land, both as a threat and through the formal serving of a notice. It is a relatively straightforward power that can deliver tangible and lasting improvements to the local area.
- 244 The Working Group were advised that the consistent key challenge to the Council in Tackling empty properties was the issue of resources and that whilst enforcement was an option, there were a long list of activities that would be undertaken before that route was taken. The Working Group noted that enforcement routes were often costly and long drawn out processes and the preferred option was being able to remedy an issue at an earlier stage.
- 245 As referenced earlier in this report, the Council's Financial Assistance Policy has been developed to provide assistance to vulnerable homeowners to improve and adapt their properties. It has three key objectives, namely to:-
- Improve and maintain healthy living conditions and so facilitate in dependent living;
  - Contribute to area regeneration and tackle poor housing condition;
  - Encourage owners to make their homes more energy efficient and reduce fuel poverty.
- 246 The Policy focuses on providing financial options for those who are excluded from mainstream sources of finance. The combination of loan and grant products and the ability of the policy to tailor financial assistance to meet individual needs, contributes to the sustainability of the Financial Assistance Policy in the longer term.
- 247 During the course of the review, the Working Group enquired as to the take up of the products available via the Council's Financial Assistance Policy. It has been established that since April 2012, 16 private landlords had made enquiries for assistance of which:-
- 1 refused due to financial situation;
  - 1 loan provided to empty property, now occupied;



- 1 empty homes loan currently with loans administrator;
- All other enquiries refused to provide further financial information as part of the conditions of the scheme.

*Selective Licensing – Housing Act 2004*

- 248 Part 3 of the Housing Act 2004 provides that a Council (i.e. the Local Housing Authority) may declare a licensing scheme for privately rented accommodation if the following conditions are met: -
- *An area has low housing demand (or is likely to become such an area with a significant level of privately owned houses let on short term arrangements and where [the Council] is satisfied that the introduction of a scheme along with other measures would lead to an improvement in the social or economic conditions in the area.*
  - *An area is experiencing significant or persistent problems caused by anti social behaviour (where private landlords in the area are not taking appropriate action to combat the problem) and where [the Council] is satisfied that the introduction of a scheme along with other measures would lead to a reduction or elimination of the problem.*
- 249 Selective Licensing requires that any person wishing to rent out a property in a designated area must first obtain a licence from the Council. The Council must be satisfied that the landlord is a “fit and proper” person with satisfactory management arrangements in place to deal with any anti-social behaviour caused by their tenants. Selective Licensing applies only to private landlords, not to social landlords. It provides intensive housing management support in areas with problematic private rented housing, aiming to improve neighbourhood conditions by raising private landlords’ management standards.
- 250 Durham County Council has three Selective Licensing designations at Dean Bank and Chilton West in the South and Wembley, Easington in the East.
- 251 The administrative function of issuing licences is now undertaken by the Housing Improvement Team, as part of a range of duties including tenant referencing, advice line, website development and performance monitoring. As for work on the ground carried out by the Private Landlord and Empty Homes Officers, Selective Licensing is one of a number of duties of the role, which includes bringing Empty Homes back into use and undertaking housing inspections.

252 A detailed examination of this service and how it tackled problems associated with empty homes was undertaken as part of the previously referenced Review carried out by the Safer and Stronger Communities Overview and Scrutiny Committee in June 2010 and was therefore outside the scope of this review.

## Conclusions

- 253 The Working Group acknowledges that both national and local policy on tackling empty homes is a key priority aimed at increasing the availability of affordable homes, providing a much needed boost to local economies by creating employment opportunities in the Housing renewal/regeneration sector and also regenerating local communities and removing neighbourhood blight caused by long term empty properties.
- 254 The Homes and Communities Agency Empty Homes Toolkit provides practical advice and information on tackling empty homes. Durham County Council's housing regeneration service has developed the Private Sector Housing Strategy and associated Renewal delivery plan which also encompasses a number of priority actions, initiatives and products which aim to bring empty homes back into use.
- 255 The Working group has considered statistics that indicate that nationally, the number of empty homes has fluctuated between 700,000 and 800,000 over the last 10 years and that performance during this time within the region indicates that there is a false perception that the region is an empty property blackspot. Additionally, there have been suggestions that within the current economic downturn, the previously agreed norm for vacancy rates of 2.5% which represents a flourishing housing market is too low.
- 256 The County Council's approach to dealing with empty homes has concentrated work in identified housing regeneration areas with the worst housing conditions and highest levels of deprivation, and providing a safety net service to deal with empty homes outside these identified regeneration areas that are deemed to be contributing to neighbourhood blight. The Working Group notes that the 8 housing priority regeneration areas agreed by the Council are largely legacy areas identified by former District Councils of Sedgfield, Easington and Derwentside and encompass housing regeneration in former mining communities which have experienced socio-economic problems associated with high levels of deprivation and where housing stock is traditional pre-1919 terraced housing which is traditionally of low demand.
- 257 The Working Group has examined a significant amount of work undertaken within the 8 priority areas aimed at bringing back empty homes into use including initiatives such as Selective Licensing, Compulsory Purchase/Clearance, negotiated purchase and purchase and repair/leaseback schemes and notes the work that has been undertaken to assess the effectiveness of these policies and initiatives in reducing the levels of vacant properties in these areas.
- 258 The availability of resources to tackle empty homes has been examined and whilst there are a number of Government led-initiatives aimed at tackling empty properties, these are largely aimed at a partnership

- approach whereby local authorities are encouraged to work with Registered Social Landlords, private register housing providers and local/voluntary community groups to tackle empty properties. The Working Group have considered examples of this partnership approach that have been adopted by the County Council and also by way of examples of best practice in other areas. The proposed bids for programmes/schemes as part of the Governments Affordable Homes programmes and associated “Cluster Bid” programme are considered to represent the best opportunities for the Council to secure funding to bring empty properties back in to use in the identified priority areas.
- 259 The Working Group has taken cognisance of the Government’s New Homes Bonus scheme which allows local authorities to receive 6 years’ Council Tax for each empty property brought back in to use. In examining the financial impact of this on the Council and given that it is an un-ringfenced fund that is top-sliced from existing local authority grant funding, reports to the Council’s Cabinet have indicated that the council has lost £1.69m in funding overall due to the introduction of New Homes Bonus for 2011/12 and 2012/13. This top slicing of New Homes Bonus from core council funding in the future will continue to redistribute funding to areas of significant house building growth from those where house building growth is more depressed and the loss of funding included in the Council’s MTFP for 2013/14 is forecasted to increase to £3.3m.
- 260 The Working Group has also examined the proposals to be introduced by the Council in respect of its Local Council Tax Support Scheme (LCTSS) and the withdrawal of the discounts currently awarded at Class A and C, plus the removal of the remaining 10% discount on second homes and introduction of an empty property premium on properties that are long-term empty (i.e. 2 years or more) of 150% of the full council tax from 1 April 2013. In doing so, members have noted that any potential resources raised from these proposals would be used to offset the potential shortfalls within the MTFP of adopting the LCTSS.
- 261 A number of initiatives aimed at brining empty homes back in to use rely on the Council and partners “bidding in” to Homes and Communities Agency (HCA) funding streams which require such partnerships/joint bids to match fund any successful allocations secured. This in turn increases pressure on an already restricted capital resource availability within respective Capital Programmes. It is essential therefore that any such bids contain robust business plan models which identifies where this “matched funding” can be obtained from prior to their submission to the HCA.
- 262 The Working Group has identified that there are a wide range of tools available to the Council to enable empty homes to be brought back in to use including the provision of advice and guidance to homeowners, prospective tenants/purchasers and housing developers in the Public and private sector. An extensive range of existing and potential additional

- products have also been examined which could assist these groups in accessing the necessary funding to improve empty properties and bring them back in to use. The Working Group feels that it is essential that the Council does everything at its disposal to ensure that this advice and information is equitable and accessible to all, especially via the Council's Website.
- 263 The Working Group has examined the enforcement tools available to the Council via legislation to tackle empty properties and also the extensive review undertaken by the Safer and Stronger Communities Overview and Scrutiny Committee in examining how these are being used by the Council to tackle anti-social behaviour and environmental problems caused by empty homes. There are concerns that such tools are often lengthy processes which require considerable resources in respect of officer time and legal costs and that a better approach for the Council is to try and negotiate an agreed solution rather than pursuing enforcement action.
- 264 Previously reported poor performance empty properties brought back into use as a direct result of local authority intervention was the reason behind this review. However, the Working Group believe that, having considered the evidence reported to it, the previously agreed targets of 70 per year were too high. The revised target of 50 properties per annum is considered to be more realistic.
- 265 Considerable work has been done by the Regeneration and Economic Development directorate to ensure that an appropriate staffing structure is in place to support the delivery of the Private Sector Housing Strategy including bringing empty homes back into use. The Working Group notes that further work is planned to develop a systematic approach to benchmarking performance in this area and also enabling managers to ensure that performance targets for this area are SMART.

## Recommendations

- 266 The Economy and Enterprise Overview and Scrutiny Working Group's recommendations in respect of the Review of Empty Homes are that:-
- (a) Cabinet agree that an assessment/evaluation be undertaken by the Regeneration and Economic Development service grouping of the effectiveness of the existing housing renewal and regeneration policies within the Council's 8 priority housing regeneration areas to ascertain whether they have delivered the expected reduction in vacancy rates within the housing stock; and to ensure that this area of work is aligned to future regeneration priorities so that the Council is able to target scarce resources on areas where we have the greatest chances of bringing empty homes back into use and thereby making a difference.
  - (b) Cabinet agree that the development of projects/bids as part of the Affordable Homes programme and associated Empty Homes "Cluster Bid" scheme be supported and that the Council continues to work with housing partners in the RSL and Private sector to deliver projects that will increase the number of empty homes brought back into use;
  - (c) Cabinet agree that those Empty Homes Cluster Bids identified within this report be supported and approve any associated requests for Capital resources as "matched funding" that is required as a condition of Homes and Communities Agency funding to implement these schemes;
  - (d) Cabinet support the development of new business models aimed at bringing empty homes back into use, particularly those identified within the ARC4 Consultant's report regarding "purchase to lease" and "homesteading" schemes;
  - (e) Cabinet agree that the proposed Local Council Tax Support Scheme (LCTSS) be supported and Cabinet consider the ring-fencing of surplus resources generated by the removal of Council Tax discounts for empty homes and the introduction of the empty homes premium (over and above that required to ensure that the LCTSS is cost-neutral to the MTFP) for empty homes projects;;
  - (f) Cabinet agree that a root and branch review of the existing products, advice, funding streams and associated policies relating to empty homes and housing regeneration/renewal be undertaken to examine any potential to relax conditions that are placed upon development partners which may adversely impact on their ability to secure investment funds/capital from financial institutions;

- (g) Cabinet agree that in accepting the reduced performance targets for 2012/13 from 70 to 50 empty homes brought back into use, further work be undertaken by the RED Service Grouping Housing Regeneration and Renewals team to implement a systematic approach to performance management which will enable the development of robust benchmarking regarding empty homes and SMART targets;
- (h) Cabinet agree that a feasibility study be undertaken by the RED Service Grouping to examine a potential “invest to save” initiative to increase the complement of Empty Homes officers utilising potential New Homes Bonus resources generated through improved Council performance in bringing empty homes back in to use;
- (i) a systematic review of the report and progress made against recommendations should be six months after consideration of this report by Cabinet.