

Health, Housing and Adult Services Scrutiny Panel Spotlight Policy Review 2012 – 2013

Empty Properties in Sunderland

Draft Report

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1 Foreword from the Scrutiny Lead Member for Health, Housing & Adult Services

The Health, Housing and Adult Services Scrutiny Panel decided to investigate the issue of empty properties within the City. Having a place that we call home is a foundation of society, a place we share some of our most memorable experiences with our families and friends.



Empty properties are endemic across the country and local authorities invest a lot of time and resources into tackling them. Bringing empty properties back into use can have substantial benefits for any area by reducing anti-social behaviour, improving unsightly neighbourhoods, providing affordable housing, reducing waiting lists and improving the general quality of life for residents.

Through the Panel's investigations Members have seen how proactive Sunderland City Council is in looking to tackle this important issue. From the Empty Homes Team and Local Area Response Teams through to Building Control, Environmental Enforcement and Council Tax the local authority works together pooling information, resources and statutory enforcement powers to address empty property issues across the city.

The review is very timely with a number of key changes in legislation, including welfare reforms, which will impact on private and social sector landlords and their tenants. It is too early to tell how much of an impact such changes will ultimately have on the rented housing market but it is clear, even at this early stage, that there are a number of concerns. Sunderland City Council, like many local authorities, is working with all stakeholders and agencies to mitigate, as much as possible, for these changes to council tax, benefits and the eventual introduction of universal credit.

As always the Scrutiny Panel has taken evidence from wide ranging sources and on behalf of the Panel I would like to express our gratitude to everyone for their time and cooperation during our evidence gathering. It is through gathering a variety of viewpoints and opinions from experts, key stakeholders and interested parties that the Panel look to get a balanced view and form recommendations. Finally I would also like to thank all the Members of the Panel for their support and commitment to the Health, Housing and Adult Services Scrutiny Panel and this review.

Councillor Christine Shattock, Scrutiny Lead Member for Health, Housing and Adult Services

2 Introduction

- 2.1 The Scrutiny Conference provided a variety of scrutiny topics for potential review during the coming year. The Health, Housing and Adult Services Scrutiny Panel, commissioned by the Scrutiny Committee, agreed to undertake a spotlight review around empty properties in Sunderland.

3 Aim of the Review

- 3.1 To look at the existing empty homes situation in Sunderland and how the current strategy underpins the work to bring empty homes back into use. The review will also explore the potential impact of welfare reforms on the empty properties issue and what further options or initiatives could be introduced in the future to bring more properties back into use in the city.

4 Terms of Reference

- 4.1 The title of the review was agreed as 'Empty Properties in Sunderland' and its terms of reference were agreed as:
- (a) To gain an overview of the empty properties situation in Sunderland and the importance of a strategy to address these issues;
 - (b) To assess the impact of welfare reform changes on the private rented housing sector in Sunderland and the potential impacts this may have in terms of empty properties across the city;
 - (c) To look at future options and potential initiatives that could strengthen the Empty Homes Strategy and bring more properties back into use across the city.

5 Membership of the Panel

- 5.1 The membership of the Health, Housing and Adult Services Scrutiny Panel during the Municipal Year is outlined below:

Cllrs Christine Shattock (Scrutiny Lead Member for Health, Housing and Adult Services), Ellen Ball, Rosalind Copeland, Ronny Davison, Daryl Dixon, Alan Emerson, Jill Fletcher, Barbara McClennan, Lisa Smiles and Dorothy Trueman.

6 Methods of Investigation

- 6.1 The approach to this work included a range of research methods namely:
- (a) Desktop Research;
 - (b) Use of secondary research e.g. surveys, questionnaires;
 - (c) Evidence presented by key stakeholders;
 - (d) Evidence from members of the public at meetings or focus groups; and,
 - (e) Site Visits.
- 6.2 Throughout the course of the review process the panel gathered evidence from a number of key witnesses including:

- (a) Alan Caddick – Head of Strategic Housing;
- (b) Liz McEvoy – Principal Housing Manager;
- (c) Lisa Ketley – Empty Property Officer;
- (d) Lucy Smith – Private Sector Housing Officer;
- (e) Julie Wilkie – Empty Property Assistant;
- (f) Michael Horsburgh – Empty Property Assistant;
- (g) Helen Peverley - Area Response Manager (City Centre);
- (h) Katie Kelly - Environmental Enforcement Officer (City Centre);
- (i) Howard Middlemiss – Revenues Manager;
- (j) Simon Henry - Quality Control and Reviews Manager.

6.3 All statements in this report are made based on information received from more than one source, unless it is clarified in the text that it is an individual view. Opinions held by a small number of people may or may not be representative of others' views but are worthy of consideration nevertheless.

7 Findings of the Review

Findings relate to the main themes raised during the panel's investigations and evidence gathering.

7.1 National and Local Context

- 7.1.1 The latest empty homes statistics, from independent charity Empty Homes, highlight that there are currently approximately 710,000 empty homes in England of which 259,000 are classed as long-term empty properties (empty from more than 6 months).
- 7.1.2 Empty homes, according to the Department for Communities and Local Government, accounts for approximately 3% of the national housing stock. To outline the Government's role in tackling this issue "Laying the Foundations: A Housing Strategy for England" was published in November 2011. The aim being to increase the number of empty homes brought back into use as a way of increasing the overall supply of housing and reducing the impact on neighbourhoods.
- 7.1.3 Most empty homes are privately owned. Surveys by the Empty Homes charity indicate that the majority of the owners have just one or two properties. Often they are rented homes that have fallen into disrepair; sometimes the owner has inherited the property and in many cases the owner lacks the funds or the skills to repair and manage the property appropriately.
- 7.1.4 The last decade has seen many large regeneration schemes that involved emptying homes in preparation for refurbishment or demolition. In the last couple of years through falling house prices, restrictions on borrowing and reduced government funding many of these schemes have either stalled or been abandoned. There are also developments of new flats in towns and cities that have high vacancy rates. Some are owned by investors who may be waiting for rental prices to pick up, other flats have never been sold while some remain incomplete with the development having been abandoned.
- 7.1.5 Information from Empty Homes confirms that there are approximately 44,960 empty properties in the North East of which 18,597 are classed as long-term empty. Sunderland has a population of around 275,000 people occupying some 125,053 properties, of which there are over 14,000 privately rented dwellings. In considering empty properties the review will look to concentrate on those that are long-term empty properties within the private sector i.e. those that have been empty for more than 6 months. There are currently around 1,118 properties which have been empty for up to 6 months, 1,782 long-term empty properties and 88 uninhabitable properties in the city.

7.2 The Policy Context - *Local Authority Powers*

Empty Property Strategies

- 7.2.1 Local authorities while not required to publish a strategy that specifically deals with empty properties, are required to publish housing strategies, and reference to tackling empty properties can be included in these strategies. The majority of local authorities also have dedicated empty property officers who work to broker the reuse of empty properties.

Compulsory Purchase

- 7.2.2 Local authorities have the option to seek to acquire a property compulsorily where agreement with an owner cannot be reached. However, this is only possible where the local authority has specific statutory powers to acquire land in this manner for the proposed purpose, and should only be done where the authority can demonstrate that the acquisition would be in the public interest.

Council Tax Exemptions

- 7.2.3 Previously properties that were unoccupied and substantially unfurnished were exempt from Council Tax charges for a period up to 6 months. If such properties were also undergoing, or had undergone, major repair work or structural alteration they could be exempt from Council Tax for up to 12 months. However the *Local Government Finance Act 2012* removes these exemptions. The Act also introduces a discretionary 'empty homes levy' where local authorities could charge up to 150% of the council tax bill for properties that remain empty for more than two years, to be brought into force from April 2013.

7.2.4 Principal Statutory Enforcement Powers

The Council is provided with a wide range of powers in relation to standards of housing to enable it to protect individuals, families and the community as a whole. The Council's Enforcement Policy contains a number of statutory enforcement powers which are available to local authorities that can assist in the improvement of empty properties. The Housing and Neighbourhood Renewal Team within Health Housing and Adult Services has responsibility for exercising these powers in Sunderland. The policy applies to the enforcement activities of Sunderland City Council in exercising the statutory powers at its disposal in dealing with unsafe, substandard or disused private sector housing and anti social behaviour and outlines the approach to be taken in the use of such powers including investigation, inspection, and dialogue with persons who may be affected by such enforcement activity. The enforcement policy is designed to promote efficient, effective and consistent approaches to regulatory inspection and enforcement. A selection of the range of enforcement powers available to the local authority is detailed at **Appendix 1** of this report.

Identifying Empty Properties

- 7.2.5 Section 85 of the *Local Government Act 2003* allows the use of information gathered as part of the Council Tax billing process to identify empty properties within an authority's area. In ensuring that the individual's right to privacy is not compromised Section 85 does not permit disclosure to third parties e.g. commercial organisations.

Empty Dwelling Management Orders (EDMOs)

- 7.2.6 The *Housing Act 2004* made provision for local authorities to take over management of certain residential premises that had been empty for at least six months. Regulations providing that EDMOs can only be sought where a property has been empty for two years (as opposed to six months) came into force on 15 November 2012. The aim of Empty Dwelling Management Orders (EDMOs) is to bring empty private sector property back into use.

- 7.2.7 There are a number of exceptions to this including (but not exhaustive) a property that is a building or part of a building used for non-residential purposes; it is not wholly unoccupied e.g. only part of the house or flat is unoccupied or there are

spare rooms not in use; the property is genuinely on the market for sale or to be let; or it is prevented from being occupied as a result of a criminal investigation or criminal proceedings.

7.3 The Policy Context – *The Importance of a strategy in tackling Empty Homes*

- 7.3.1 The Sunderland Community Strategy sets out a clear long term vision detailing the City's overarching priorities up to 2025. Supported by the Sunderland Strategy and the Housing Strategy, the city's emerging Local Development Framework (LDF) will play a key role in addressing many of the challenges the city faces, including empty properties.
- 7.3.2 The first Housing Priorities Plan for Sunderland has been developed by Sunderland City Council working in partnership with the Homes and Communities Agency (HCA). Fundamentally, the plan outlines the key priorities to ensure resources are secured and directed to have most impact, where the market is not able to do this. The plan sits alongside other key plans for the city and together they form a suite of plans guiding the delivery of the overall Local Strategic Partnership's Sunderland Strategy.
- 7.3.3 Local Area Plans (LAPs) and the Sunderland Partnership Delivery Plans capture the needs of communities in Sunderland and these are monitored by the 5 local areas committees. The Housing Service in Sunderland provides an Area Operational Delivery Plan which outlines performance updates to ensure continuous monitoring of service delivery as well as enabling the service to work effectively against locally identified need in agreement with local ward members.
- 7.3.4 A key priority that runs through the various strategies and plans is around the condition of the housing stock and in particular the return of long-term empty properties back into use, reducing the detrimental effects they can have on local communities. This priority is included in the current LAP action plans for each of the 5 committee areas of Sunderland North, Sunderland East, Sunderland West, Coalfields and Washington, illustrating its primary importance to local communities and elected members.
- 7.3.5 The importance of underpinning any work around the tackling of empty properties with strategic direction, vision and planning is crucial in monitoring the numbers of empty homes in Sunderland and researching the reasons around why these properties are vacant. The Delivery Plans for each committee area provide a clear breakdown of empty properties.
- 7.3.6 The Housing Priorities Plan also highlights the need to work with owners to invest in empty properties and bring them back into use, as well as considering different models of investment in the private rented sector. Another aspect of the plan which complements this priority is around city wide enforcement work, which in partnership with landlords works to invest in properties in disrepair, creating the best possible standards of accommodation in the private rented sector.
- 7.3.7 The Local Area Delivery Plans in conjunction with the work of the Empty Homes team can also help to reduce crime, anti social behaviour and incidents of arson targeted at empty properties, help landlords and owners realise the full potential of their properties and encourage the occupation of empty properties to help support and sustain communities and deter decline in sustainable areas of the city's

housing stock. They also focus on a ward and neighbourhood level targeting 'hot spots' of empty properties or wards that are above the city average.

7.4 The Empty Homes Team

7.4.1 The Empty Homes Team (EH Team) is a vital council resource in turning empty properties around and getting them back into circulation. The EH Team develop area specific Empty Homes Delivery Plans from looking at data supplied by Council Tax and other council departments that defines the types of properties, age and duration properties are empty. This, along with the Officers local knowledge, then provides the team with key target areas across the city.

7.4.2 One of the key ways the EH Team looks to tackle the issue of empty properties in the city is through accessing a variety of funding sources including the Clusters of Empty Homes fund which is open to Local Authorities and HCA Investment Partners who are able to demonstrate that proposed schemes meet the following criteria:

A minimum of 100 homes brought back into use in partnership with Gateshead Council (80 and 25 respectively);

Delivery is within a distinct, compact area (ward or smaller) with over 10% of homes empty, and each cluster representing more than 25 empty homes;

Clear and demonstrable high level strategic fit and community support - as well as evidence of local authority commitment if the local authority is not the lead bidder;

In principle commitment to providing 100% match funding.

7.4.3 The Council is also accessing its New Homes Bonus funding to offer an equity loan to landlords, which funds the refurbishment and bringing back into use of an empty property. Members acknowledged from the EH Team that this was a popular loan with landlords as repayment of the loan was after the property had been brought back into use and disposed of, although landlords did have to contribute 50% of their own money.

7.4.4 Members also recognised that Gentoo received HCA funding to carry out remedial works and manage properties on behalf of landlords in return for a management fee and the remedial costs. The EH Team highlighted the initiative had proved very popular with landlords for a variety of reasons including that landlords wanted to manage their own properties. It was reported that Gentoo had now ended this project.

7.4.5 Members were pleased to learn that the EH Team brings approximately 400 empty properties (494 in 2012/13) back into use each year without any financial incentives. Members also were interested to note that despite the various added incentives the take up on such offers was not that significant. The EH Team also inspects and assesses empty properties for the Access to Housing Team for potential occupancy by people on the housing register. This is a vital partnership that allows the matching of empty homes with residents who need housing.

7.4.6 The EH Team highlighted that there was an assortment of housing standing empty in the city, with a large number of private landlords owning a mixture of housing types from houses through to flats and maisonettes. There can be a number of reasons why properties are empty from factors related to the property through to individual issues. These can include:

Property Related Factors:

- Owners may purchase properties on a speculative base, with capital accumulation as the principal aim;
- Some owners may be fearful of the perceived difficulties associated with managing a rented property, and may prefer to leave the property vacant until such times as the market improves, and selling becomes economically viable;
- Some owners may have insufficient funds to repair a property or be unaware of the financial assistance available;
- Owners may lack the skills or knowledge to manage their property;
- Repossession.

Individual Factors:

- Unresolved ownership: Some properties may be the subject of protracted probate negotiations following an owner's death, or delays may occur in cases where the legal title is contested;
- Bankruptcy;
- The institutionalisation or hospitalisation of an owner;
- Abandonment, sometimes due to an owner's age, or an inability to cope with property related matters;
- Lack of funds, owners sometimes start work but are unable to complete the job as the cost increase or if their own financial situation changes.

7.4.7 It is often a difficult and time consuming task to identify and contact the owners of individual properties. The EH Team relies heavily on intelligence gathering, using council tax data, land registry data and also contacting neighbours, leaving cards at the property and contacting neighbouring local authorities who may well be looking for the same owner. The Empty Homes Officers also work with other council service areas including planning enforcement, building control, housing enforcement, anti-social behaviour and environmental officers. Members acknowledged the amount of work conducted behind the scenes, which can often look like inactivity to the wider public.

7.4.8 The team also receive a lot of information from shopkeepers, local businesses and communities through conducting walkabouts with the police, fire service and other interested parties. This can help to identify problem issues, look at ways to alleviate these issues and get properties back into circulation. Also when the local residents see homes coming back into use it provides a degree of confidence for that area and its people. Through the 5 area committees Elected Members are invited to attend such walkabouts but this could be extended further to some of the more informal walkabouts conducted by the EH Team allowing Members to contribute through their own extensive local knowledge.

7.4.9 The Empty Homes Officers were also keen to stress that owners of empty properties were willing to work with the local authority and that it was often about developing relationships with landlords and getting them to understand the situation within the locale and the city in respect of empty homes, demand and the housing waiting lists. However the current climate is one where no owner wants to sell a property at a financial loss and this is a major contributing factor to the empty home situation at present.

7.4.10 The EH Team also informed Members of their work with organisations from the third sector and how this work is helping to reduce further the long-term empty properties

around the city. Currently the team are involved with both Back on the Map in the Hendon area and the Cyrenians and Centrepoint across the City. By working with the three groups and encouraging them to work together through pooling their resources has seen the groups being able to purchase bigger properties that was not previously possible on their own. These larger properties are ideal for conversion into smaller dwellings for use by their respective client groups and in line with Welfare Reform.

7.5 Welfare Reform

- 7.5.1 Welfare reform legislation will radically alter the benefits system in England, through a simplifying of the system and a cap on benefits paid to individuals and families. The implications will be far reaching but the panel was primarily concerned with the impacts upon the private rented sector in the city. One of the biggest concerns to landlords, nationally, is the penalty for under-occupying social housing tenants, more commonly known as the 'bedroom tax'. The cut in benefits creates an increased risk of arrears for landlords and difficult decisions around whether to expect tenants or themselves to bear the penalty or ultimately seek to evict.
- 7.5.2 According to research some landlords will take the hit as long as arrears do not get out of hand, they may even write some losses off. However, the majority will not be able to afford to do this and see no reason why they should. They will be forced to evict their tenants, a time consuming and costly procedure. In meeting with the Landlords Forum in Sunderland, Members of the Panel, acknowledged that landlords will increasingly look to working tenants willing to pay in excess of the Local Housing Allowance (LHA) rates for properties and the overall stock of accommodation available to benefit claimants could diminish. It is worth acknowledging that the bedroom tax is a cut in the amount of benefit that people can get if they are deemed to have a spare bedroom in their council or housing association home. The measure is applied to housing benefit claimants of working age from 1 April 2013.
- 7.5.3 Private landlords could be hit by the cap in benefits and the universal credit. It was evident at the Landlords' Forum that many of the landlords were unhappy about the LHA being paid directly to tenants. Although some private landlords could benefit as tenants move out of the social rented sector, where there are few one bedroom properties, and look to the private rented sector to provide suitable accommodation. Meaning empty smaller properties could be in demand.
- 7.5.4 Research conducted by Sheffield Hallam University supports this view with a third of private landlords either considering or planning to cease letting homes to housing benefit claimants as a result of the government's welfare reforms. The research also highlights that more than a third (36%) of the landlords surveyed (1,867) said tenants were in arrears due to LHA changes and 29% indicated they had taken action to evict tenants, renew or end their tenancies. The survey also concluded that 9 out of 10 tenants were up-to-date with their rent and only 3% had moved home due to rent shortfalls. More than a quarter said they had looked for a job to make-up the difference between their LHA and their rent.
- 7.5.5 Universal Credit is the new single benefit which will replace Housing Benefit, Income Support, Income related Job Seekers Allowance, Income Based Employment and Support Allowance and Tax Credits. Lord Freud, Minister for Welfare Reform, reported that the universal credit would be paid monthly and directly to claimants, with the system designed around the patterns of working life.

Most claims will be made online and payment will normally be a single household payment, including the housing costs, paid monthly in arrears directly to the claimant. This has led to concerns by social and private landlords around the ability of claimants to manage their benefit income and budget effectively. The National Landlords Association August 2012 survey also supports this concern with 65% of landlord respondents concerned by the prospect of Universal Credit replacing LHA. The survey also reports that 51% of landlords surveyed were unsure if they would accept benefit recipients and 41% would definitely, with 85% thinking it too great a risk without direct payment to the landlord.

- 7.5.6 The private rented sector also has concerns around the age threshold for the shared accommodation rate of Local Housing Allowance (LHA) increase from 25 to 35 years of age. This change applies to private tenants only. This means that single claimants up to the age of 35 have their benefit based on LHA for a room in a shared property rather than LHA for a self contained one bedroom property. This change applies to most new claimants from 1st January 2012. Existing claims will be moved onto the shared room rate at the next anniversary of their benefit claim. This is already impacting on the Council's ability to prevent homelessness as landlords are unwilling to accept people under the age of 35, meaning the Council must accept them as homeless.
- 7.5.7 This has the potential to see an increase in the need or demand for Housing of Multiple Occupancy (HMOs) as the reduction in housing benefit for under 35's make this demographic a far less attractive proposition to landlords generally. However growth in supply is unlikely or at the very least will not be problematic as from the 1st November 2012 under the city wide Article 4 Direction, all new HMOs require planning permission. The Head of Strategic Housing informed Members of the Panel that this allowed a level of control on the potential impact that the conversion of properties to houses of multiple occupancy (HMO) could have on the city and its communities. This means that owners wanting to change larger properties into HMOs would require planning permission. Although some HMOs are licensed in line with the Housing Act 2004 and all HMOs are inspected every 2 years by the Housing and Neighbourhood Renewal Team.
- 7.5.8 There is a possibility that some student landlords may take LHA tenants if any student demands falls and it becomes harder to fill rooms. However as indicated elsewhere there is already a growing reluctance to take on LHA tenants and landlords would be more willing to rent to families or working tenants rather than accept single LHA tenants.

7.6 Private Landlords

- 7.6.1 Members of the Health, Housing and Adult Services Scrutiny Panel attended a Landlords' Forum meeting to discuss some of the issues around empty properties in Sunderland. The Panel were extremely grateful to be able to discuss their review with private sector landlords and found the discussions helpful in evidence gathering.
- 7.6.2 Landlords explained some of the reasons and common causes of empty properties in Sunderland. A big issue for many landlords is around tenants amassing arrears then, prior to eviction, damaging and leaving the property. Landlords explained that this can leave them with potentially heavy losses through lack of revenue and reinstatement costs for the dwelling and sometimes it can be easier to leave a property empty. Also it can take landlords time to complete repairs to properties and

make them habitable and attractive to prospective tenants. It was also noted by Members that landlords felt there was a low demand for certain rented properties in Sunderland (especially with students) and this can result in properties being unoccupied for periods of time.

- 7.6.3 Landlords also raised their concerns over the universal credit system and the LHA being paid directly to the tenant, many believed they would have great difficulty in obtaining the rent from such tenants. Landlords indicated that it was not in their best interests to let properties to people on benefits, far more attractive propositions were people in work. Landlords also indicated that they were far more selective about who they rented properties to, as there were far more 'undesirable' tenants than there used to be.
- 7.6.4 The Panel also heard from landlords that through welfare reform changes to the age threshold for shared accommodation there was a greater demand for bed-sits and single bedroom properties. It was acknowledged that demand outstripped supply and it was both difficult and costly to convert properties to cater for this potential upsurge in demand.
- 7.6.5 There is a good relationship between the Council and many local landlords as seen by the representation at the forum attended by Members. The importance of relationships has been a key thread throughout the evidence gathering and Members were pleased to recognise that council officers have forged positive relationships with many private sector landlords. The Council is also providing further comprehensive support and assistance to landlords in terms of both finding new tenants and dealing with existing ones through initiatives like the 'Sunderland Let's Help You' website. This is a free service for landlords and tenants. A tenant looking for affordable housing in the private rented sector, can use the site to compare rents against the maximum housing benefit amounts (local housing allowance). For a landlord, it allows the advertising of vacant properties, free of charge. The service is funded by the local authority and supported by £15,000 funding from the Department for Work and Pensions.
- 7.6.6 Another area that could help, particularly for new landlords, would be seminars, presentations or roadshows to help with lettings, good landlord practice, insurance and promote working with the local authority to address the housing shortage. It is also important that the local authority ensures that it raises awareness of the help available to private landlords. Also landlords can help the local authority in its intelligence led approach to identifying problem tenants or issues. It was acknowledged that private landlords possess a vast array of intelligence around tenants and the local area and this can be valuable information that could help play into a number of key policies and strategies including the Strengthening Families Strategy.
- 7.6.7 Landlords also saw the increase in Council Tax rates on empty properties as a big incentive to keep properties occupied and this could help to ease the situation. However as landlords become more selective in choosing tenants as a result of welfare reform changes, previous experiences and the lack of demand it will be more important than ever that private landlords and the local authority work together to develop relationships and create practical solutions to these key issues.
- 7.6.8 Sunderland has also launched a new accredited landlord scheme designed in partnership with landlords to jointly improve the quality of the private rented sector

in Sunderland. The new free accreditation commenced on 1st April 2013 and benefits will include:

- Access to financial assistance from the council to improve properties such as empty property loans and grants;
- Discounts on various goods and services;
- Market advantage when letting properties;
- Ability for landlords to advertise 'accredited' properties on the Lets Help You website;
- More self regulation with a 'lighter touch' involvement from the council compared to non accredited landlords;
- Ability to indicate membership of the scheme on any promotional literature or websites;
- Free vetting of potential tenants;
- Free professional advice and training on topical housing issues relevant to landlords;
- The opportunity to influence relevant policies and the design of services through the Scheme's Landlord Forum.

7.7 Changes to Council Tax Rules on Empty Properties

7.7.1 If a property is furnished, but nobody is living in it as their sole or main residence, the Government classes the property as a second home. Prior to 1 April 2013 all second homes qualified for a 10% discount. From 1 April 2013 the City Council was given the discretion to remove the 10% discount and has therefore increased the charge on second homes to 100%. In speaking with the Council's Revenues Manger a number of reasons were highlighted for the existence of second homes:

- Furnished properties in the rental sector that are in-between tenants;
- Furnished properties that are occupied only at weekends and during holidays because the owner has a sole or main residence elsewhere;
- Properties inherited by a family member that have remained furnished since the previous occupier died.

- 7.7.2 Empty properties affect the level of income for Sunderland City Council. Prior to 1 April 2012 all unoccupied and substantially unfurnished properties were exempt from paying Council Tax for 6 months and then paid 50% of the Council Tax charge after the exemption ended. From 1 April 2012 the 6 month exemption still applied but the charge after this was increased to 100%. From April 2013 the 6 month exemption is abolished by the Government and the City Council has replaced the exemption with a 25% discount for 6 months. The Panel were also informed that in addition if a property became re-occupied within one month, a 100% refund would be awarded for the entire period. This was to encourage owners to bring properties back into use quickly and to avoid a number of small bills being issued. The Revenues Manager informed the Panel that currently 40% of landlords across the city do this and the effects of these changes will help to reduce the incentive to keep properties empty.
- 7.7.3 Also from 1 April 2013 the Government has given powers to Local Authorities to introduce a premium on properties that have been unoccupied and unfurnished for more than 2 years. Sunderland City Council has implemented the premium meaning that the charge on long-term empty properties is 150% of the Council Tax charge.
- 7.7.4 The Government has also abolished the 12 month exemption, from 1 April 2013, on all properties requiring or undergoing structural alterations and major repairs. The City Council has replaced this exemption with a 25% discount for a maximum period of 12 months. Also properties left unoccupied and unfurnished have lost the 6 month exemption with the local authority replacing this with a 25% discount for 6 months.
- 7.7.5 It was confirmed that the Empty Homes Team use Council Tax records extensively to identify property owners. The working relationship between the two services has developed over time and this has been well received by residents and landlords alike.

7.8 Area Response Teams

- 7.8.1 Members also talked with one of the City's Area Response Managers who explained that all council operatives and officers were a valuable source of intelligence around empty properties in the city. The Response Managers also do a lot of work with landlords around the 'love where you live' campaign including offering free services such as graffiti removal and garden tidying.
- 7.8.2 There is often a mixed bag of accommodation types within areas from residential to commercial properties; there are approximately 7,500 commercial properties across Sunderland of which around 1,200 are empty. In relation to these non-residential empty properties there is the potential for a far broader role for the Empty Homes Team to tackle these too, and thereby creating a more holistic approach to empty properties across the city.
- 7.8.3 In regards to Members queries around enforcement powers it was reported to the Panel that there were sufficient legal powers to hold landlords and property owners to account and that the recent changes to Council Tax exemptions would create a greater incentive to make properties habitable to let.
- 7.8.4 The Area Response Manager also highlighted in recent discussions with landlords that there seemed to be a real need for a common tenancy agreement and how, as

a local authority, we work alongside landlords in the future. Landlords are an important resource that can meet much of the demand for housing within the city and there is the opportunity to do something more consistent and measured in approach.

7.9 Good Practice in Empty Homes Management

- 7.9.1 The national perspective clearly indicates that the issue of empty properties is not exclusive to Sunderland, it is an issue that the majority of local authorities have to manage. In undertaking this review the Health, Housing and Adult Services Scrutiny Panel looked at some of the good practice¹ that was taking place across the country.
- 7.9.2 Bolton Council recognised the need to transform their methods in order to reduce the number of rising empty properties within the borough and maximise the impact on the housing register. Bolton looked to the appointment of a dedicated empty homes coordinator to organise and monitor the workload of the empty homes team and develop robust supporting systems and processes. In Bolton this has led to increased skills and capacity across the staff team, and greater clarity on roles and responsibilities ensuring a more effective and efficient service.
- 7.9.3 Warwick District Council have developed and implemented a proactive, owner centred approach to bringing 21 empty homes back into use. Through a series of activities, including establishing a robust system to provide an accurate picture of the number of empty homes across the District, to engaging proactively with owners of empty properties, the Council has the foundations in place to unlock empty homes potential. Intelligence gathering, awareness raising and partnership working assisted the team to elevate the issue and potential that empty homes can have in providing much needed homes to meet the District's housing need. The internal empty homes' steering group, with a case load approach to bringing empty homes back into use, has the potential to yield greater returns by utilising existing Council resources. Skilful negotiation with empty home owners is the keystone of Warwick's work, and establishing a Landlords' Forum will help to support this activity through a District wide partnership approach. Warwick now has a clear framework in place to help focus their efforts on bringing empty homes back into use.
- 7.9.4 Durham County Council's strategic approach to empty homes had been lacking so the priority was to build a new team and agree a strategy to tackle the 6000 empty homes that fell under the team's responsibility. Establishing the entire team and coordinating the workload has strengthened relationships and improved communication across the council and externally. Staff now have a clearer understanding of the requirements of their role and the role of the wider team and partners on empty homes work. More specifically:
- The prioritisation and assessment process provides staff with greater clarity on which empty properties to target. Staff are more confident in dealing with issues and providing advice to members, owners, landlords and the wider community about properties that do/do not fulfil the criteria and when to intervene.
 - Coordinating and sharing the workload across the teams for each area and using a project management approach has provided a strong 'support network' amongst colleagues. Staff, partners and stakeholders do not feel isolated and can readily share issues and seek advice.

¹ Homes and Communities Agency (website): Empty Homes Case Studies

- Team members have enhanced their knowledge and skill sets through the support and legal expertise provided by the seconded solicitor. Equally the solicitor now has a stronger grasp of housing issues and will be able to share this with the legal team, facilitating an effective knowledge transfer across teams.
- The team now has a strong presence at the multi agency problem solving groups that have been set up in each of the regeneration areas with other representatives including the police, fire service, registered providers and community groups. The groups are a useful vehicle to identify issues, particularly around problem or blighted properties, share information and broker solutions.
- Registered providers in the regeneration areas are more engaged in the process and have a stronger commitment on working to bring void properties back into use.
- Residents have a stronger presence and are more engaged in the work through the stakeholder steering group meetings (as part of the communication strategy within the action plans).

7.9.5 This provides a snapshot of various practices from across the country highlighting the importance local authorities continue to place on empty homes and the different methods for tackling the issue. It is reassuring to know that many of these initiatives and ways of working are employed in Sunderland through the work of the Housing Team, and more specifically the Empty Homes Team, which was highlighted during the panel's evidence gathering sessions.

8 Conclusions

The Committee made the following overall conclusions:-

- 8.1 Empty homes account for 3% of the national housing stock and 2.5% locally, according to the Department for Communities and Local Government, and this not only restricts housing supply but also detracts from the quality of the local environment and can cause significant problems for local residents. The only effective answer is to get properties back into circulation and help to meet the housing needs of the area.
- 8.2 There is no shortage of legislation and statutory powers which aim to deal with empty properties. The difficulty is often more around the practicalities of putting such legislation into action and this can often be time consuming. The Area Response Teams or Empty Homes Team are often the first points of contact and they work very closely with a number of council service areas including Council Tax, Planning, Environmental Enforcement and Building Control to coordinate the approach required to identify and gain the cooperation of the owner or alternatively, as a last resort, take some form of enforcement action.
- 8.3 There is a clear strategic direction, vision and planning around the management of empty properties across the city and this underpins much of the work undertaken. This strategic direction demonstrates a clear commitment to the tackling of the problems posed by empty properties. The local area plans also go further and allow individual areas to match resources to the scale of need at that specific local level.
- 8.4 Empty homes are a wasted resource that could be used to re-house people from across communities as well as provide an alternative provision of accommodation

for people on the Council's housing register. The Empty Homes Team is an important resource to tackle the issue and get properties back into circulation and perhaps more importantly occupied. There a number of reasons why properties are empty and the Empty Homes Team are there to provide advice and guidance to owners to help get these properties back into use. The team are very effective and average around 400 properties per year back into use (472 properties in 2011/2012 and 494 in 2012/2013) and Members commended this work.

- 8.5 The Empty Homes Team relies heavily on intelligence from a variety of sources to ascertain the owner of a property. The Empty Homes Officers gain information from a number of local community sources including shopkeepers, residents and local business owners. The team also conduct walkabouts, organised through the relevant area committee, with local police and fire service representatives, looking at key issues within an area. Some local ward members are involved in these walkabouts but there is further potential to involve all members which will add a further local perspective. As well as this regular area specific briefings could be arranged to enhance intelligence gathering further and develop the relationship between housing officers and Elected Members which could prove invaluable.
- 8.6 In gathering information and investigating ownership of a property can be a very time consuming process and involve a lot of behind the scenes work. There is a danger that this can look to local residents like inactivity or a failure to address the problem. It is important that the Empty Homes Team, through their officers, keep local residents apprised of local situations. Again elected Members could play a part in disseminating this information and empty homes officers could leaflet the neighbouring properties informing residents that the empty property is being tackled. This can also serve to raise the profile of the team and provide an opportunity for residents to contact the local authority with any further information.
- 8.7 Welfare reforms will provide a radical shake-up of the benefits system in England, and there implications will be felt far and wide. The universal credit system and the payment of benefits, including the Local Housing Allowance, directly to the individual was identified during this review as making such tenants less attractive to the private rented sector. The bedroom tax could also see a potential rise in demand for bed-sits and one-bedroom properties within the city and this demand could outweigh the supply. It will take time to fully understand and assess the implications of the welfare reforms on both private landlords and the empty property situation. It was also recognised that the local authority was working with all key interested parties to monitor the situation and ensure risks to both tenants and landlords were kept to a minimum. Members discussed the importance of disseminating information to local Councillors relating to the impact of welfare reforms, as they develop, on both private and social housing markets across Sunderland.
- 8.8 The private rented sector has an important part to play in housing citizens within Sunderland. The local authority has good established relationships with a number of landlords and the landlord's forum is testament to this. It is an important facet of managing empty properties that the local authority works and fosters good relationships with as many local landlords as possible. The newly re-launched landlords' accreditation scheme also ensures that good landlords and tenancy practices are rewarded. New landlords, as well as existing ones, also need to be encouraged to develop good practices and be an asset to the city and the local authority can play a large part in this by supporting fledgling landlords to adopt good

practices and to work with landlords generally to provide a consistent approach across Sunderland.

- 8.9 The various changes in exemptions to Council Tax payments around empty properties and second homes should also act as a driver in ensuring that properties are not deliberately left empty. Changes to the exemptions rules should act as an incentive to landlords to populate their properties as soon as is practicable. Again the local authority has made a number of discretionary concessions that provide some leeway for landlords and to ensure compliance.
- 8.10 Empty properties are cause for concern for every local authority and each looks to tackle the issue, taking into consideration specific local factors, and drive down the number of empty properties. In looking at various good practices from across England, Members were pleased to learn that much of what is termed good practice is already in operation in Sunderland. The Empty Homes work conducted in Sunderland is extremely positive and effective. Members of the Panel on various site visits across the city saw at firsthand the work of Empty Homes Officers in tackling this problem.
- 8.11 Empty properties are not the sole confine of the private rented sector and Sunderland like many other authorities has a mixed bag of empty residential and commercial properties. There is obviously some potential in broadening the scope of the work of the empty homes team to a more active role in commercial properties that are empty in Sunderland. With difficult financial times affecting many business and welfare reform potentially impacting on how or where people live the traditional high street in small towns and villages is changing. In developing the role of the Empty Homes Team there is an opportunity for Sunderland to explore the provision of a much more comprehensive approach to the problem.

9 Draft Recommendations

- 9.1 The Health, Housing and Adult Services Scrutiny Panel has taken evidence from a variety of sources to assist in the formulation of a balanced range of recommendations. The Panel's key recommendations to the Cabinet are as outlined below:-
- a) To look at the increased involvement of elected members in all areas with the Empty Homes Team, including regular briefings and involvement in local walkabouts, as a means of further enhancing intelligence gathering by the team and developing relationships with ward members;
 - b) To investigate the development of an 'Empty Property – Council Aware' leaflet to provide local residents with reassurances that work is ongoing in relation to an empty property and also to present further avenues for potential intelligence gathering;
 - c) That the Housing Service and Empty Homes Team explore how to further support new and existing landlords to develop good practices, consistent approaches and strengthen relationships between private landlords and the local authority;
 - d) That the Empty Homes Team investigates the potential for expanding the role of the team to incorporate commercial properties into their remit to provide an holistic approach to empty properties management;

- e) That the Local Authority Housing Team look to monitor the impacts of welfare reform on both social and private housing across the City and look to provide area specific updates to Members through area committee arrangements.

10. Acknowledgements

- 10.1 The Committee is grateful to all those who have presented evidence during the course of our review. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named individuals and organisations:-

- (a) Alan Caddick – Head of Strategic Housing;
- (b) Liz McEvoy – Principal Housing Manager;
- (c) Lisa Ketley – Empty Property Officer;
- (d) Lucy Smith – Private Sector Housing Officer;
- (e) Julie Wilkie – Empty Property Assistant;
- (f) Michael Horsburgh – Empty Property Assistant;
- (g) Helen Peverley - Area Response Manager (City Centre);
- (h) Katie Kelly - Environmental Enforcement Officer (City Centre);
- (i) Howard Middlemiss – Revenues Manager;
- (j) Simon Henry - Quality Control and Reviews Manager;
- (k) The Landlords Forum.

11. Background Papers

- 11.1 The following background papers were consulted or referred to in the preparation of this report:

HM Government. Empty Housing. House of Commons Library December 2012

Health, Housing and Adult Services; Sunderland City Council. Empty Property Action Plan 2011-12

The University of Nottingham Survey Unit. Empty Properties Survey 2008

Sunderland City Council. Enforcement Policy

Appendix 1

A Selection of Enforcement Powers Available to the Local Authority

Issue/Risk	Legislation	Enforcement Action
Empty property open to access (immediate danger to public)	Sec. 29, Local Govt (Misc Prov) Act 1982	Undertake inspection of property within 24 hours.

health and/or within hotspot areas)		<p>Determine ownership and contact owner(s) the same day for the property to be secured. If owner refuses issue instructions for the work to be carried out immediately by LA contractor. Undertake works in default and recover costs. Consider Empty Dwelling Management Order (EDMO).</p> <p>If ownership details cannot be verified the same day issue instructions for the work to be carried out immediately by LA contractor. Consider EDMO.</p>
Empty Property in a ruinous or dilapidated state or dangerous condition	Sec. 77-83, Building Act 1984	Undertake inspection of property within 24 hours. Refer to Building Control same day.
Empty property open to access (no immediate danger to public health)	Sec. 29, Local Govt (Misc Prov) Act 1982	<p>Undertake inspection of property within 24 hours.</p> <p>Determine ownership and contact owner(s) within 2 working days for property to be secured within an agreed timescale. If property is not secured in a reasonable timescale, notice to be served advising that LA will undertake works in a further 2 working days. Undertake WID (Work in Default) and recover costs. Consider EDMO.</p>
Presence of Category 1 hazard	Sec 11 – 27 Housing Act 2004	<p>Visit to be undertaken within 24 hours. Presence of cat 1 hazard verified during visit to premises. Contact landlord (letter and phone call) within 2 working days and advise of works required and timescale to complete works within.</p> <p>If works are not carried out within the agreed timescale serve Improvement Notice. Notice of entry to be given to landlord in order to carry out a full HHSRS inspection with a view to serving an Improvement Notice.</p> <p>Non compliance will lead to carrying out WID, recovery of costs and potentially prosecution.</p>
Presence of Category 2 hazard	Sec. 28, Housing Act 2004	Visit to be undertaken within

		<p>hours. Presence of cat 2 hazard verified during visit to premises. Contact landlord (phone call and letter) within 3 working days and advise of works required and timescale to complete works within.</p> <p>If works are not carried out within the agreed timescale serve Improvement Notice. Notice of entry to be given to landlord in order to carry out a full HHSRS inspection with a view to serving an Improvement Notice. Non compliance may lead to carrying out WID, recovery of costs and potentially prosecution.</p>
Blocked drain, waste pipe, soil pipe or wc. Public health impact beyond property boundary or, rented property where landlord not willing to undertake works	Sec 17, Public Health Act 1961	<p>Site visit within 48 hours. Determine impact of blockage. Notice to be served within 48 hours on relevant persons requiring works to be carried out within 48 hours. WID and recovery of costs.</p>
Blocked private sewer. Public Health impact	Sec 35, Local Govt (Misc Prov) Act 1976	<p>Site visit within 48 hours. Determine which properties are served by the sewer. Attempt to speak to relevant occupiers.</p> <p>Letter to all relevant households requiring works to be carried out within appropriate time period. Notice to be served on relevant persons requiring works to be carried out within 48 hours. WID and recovery of costs.</p>
Blocked private sewer. No public health impact	Sec 35, Local Govt (Misc Prov) Act 1976	<p>Site visit within 48 hours. Determine which properties are served by the sewer. Attempt to speak to relevant occupiers. Letter to all relevant households requiring works to be carried out within appropriate time period. Notice to be served on all relevant households requiring works to be carried out within appropriate time period. WID and recovery of costs.</p>
Filthy or verminous premises and articles	Sec. 83-84, Public Health Act 1936	<p>Site visit within 48 hours to ascertain condition of premises. Issue advice and guidance. Agree timescale for property to be cleansed.</p>

		<p>Service of Notice to cleanse the premises and cleanse or destroy articles. Referral to support agencies where appropriate within 48 hours. Service of Notice to cleanse the premises and cleanse or destroy articles. WID.</p>
<p>Fire incident at property notified by the Fire Authority</p>	<p>Sec. 40 - 45, Housing Act 2004</p>	<p>Visit to the property within 48 hours to assess whether the property has any imminent risk or category 1 hazards as a result of the fire. Contact landlord by telephone immediately and advise of actions to be taken to remove/reduce the risk (letter and phone call followed by letter) within 24 hours.</p> <p>Consideration of the most appropriate course of action within 24 hours. Landlord to be notified immediately on establishing the imminent risk and requesting immediate action to reduce the risk by installing temporary battery alarms. Letter to be sent to landlord same day. Further action to be considered within 24 hours. Consider the service of Emergency Remedial Action notice or Emergency Prohibition Order where property is in poor condition. Full HHSRS inspection should be requested with landlord within 48 hours where appropriate for an improvement notice to be served.</p> <p>Letter with Schedule of works or Service of Improvement Notice within 10 working days of inspection. Non compliance then initiate WID immediately after expiry of the notice or potential prosecution proceedings within 2 weeks of non compliance of the Improvement Notice.</p>