

CABINET MEETING – 2 NOVEMBER 2011

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

EMPTY PROPERTY ACTION PLAN AND THE FINANCIAL ASSISTANCE POLICY IN RELATION TO EMPTY HOMES ASSISTANCE.

Author(s)

EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND ADULT SERVICES

Purpose of Report:

The purpose of the report is to:-

- i) seek Cabinet's approval for the adoption of the Empty Property Action Plan and
- ii) seek Cabinet's approval for amendments to the Council's Financial Assistance Policy 2011 – 2014 in relation to Section FAP 15, Empty Homes Assistance.

Description of Decision:

Cabinet is invited to: a) note and approve the Empty Property Action Plan which will be implemented by partners in the City in order to return empty properties back into use and b) agree to the amendments of the Council's Financial Assistance Policy in relation to Empty Homes Assistance as set out in this report.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision

Implementing the Empty Property Action Plan will provide the Council with the opportunity to look at innovative and proactive ways to reduce the wasted resource of empty properties across the five committee areas in the City.

Amending the Council's Financial Assistance Policy, in relation to Empty Homes Assistance, will allow the use of the £577,000 New Homes Bonus "windfall payment" this financial year to return further empty properties back into use and in doing so further perpetuate the New Homes Bonus funding.

Alternative options to be considered and recommended to be rejected:

The Council could react to empty property requests from across the City without the aid of an action plan. However, this would not be an innovative approach and solutions would not be area based to meet the needs of particular communities and neighbourhoods. This course of action is, therefore, not recommended.

The Council could leave the Financial Assistance Policy relating to Empty Homes Assistance as it is but this would not allow the Executive Director of Health, Housing and Adult Services to utilise the £577,000 New Homes Bonus “windfall payment” and further empty properties would not be returned to use. In turn the New Homes Bonus payments, rewarded for returning empty properties back into use would not be perpetuated in future years. This course of action, therefore, is not recommended.

Is this a “Key Decision” as defined in the constitution?

Yes

Is it included in the Forward Plan?

No

Relevant Scrutiny Committee:

Sustainable Communities

REPORT OF THE EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND ADULT SERVICES**EMPTY PROPERTY ACTION PLAN AND THE FINANCIAL ASSISTANCE POLICY IN RELATION TO EMPTY HOMES ASSISTANCE****1.0 Purpose of the Report**

- 1.1 The purpose of the report is to:-
- i) seek Cabinet's approval for the adoption of the Empty Property Action Plan and
 - ii) seek Cabinet's approval for amendments to the Council's Financial Assistance Policy 2011 – 2014 in relation to Section, FAP 15 Empty Homes Assistance.

2.0 Description of the Decision

- 2.1 Cabinet is invited to note and approve the Empty Property Action Plan which will be implemented by partners in the City in order to return empty properties back into use, and b) agree to the amendments of the Council's Financial Assistance Policy in relation to Empty Homes Assistance as set out in the report.

3.0 Introduction/Background

- 3.1 Sunderland City Council has always been proactive in working with its partners to bring empty properties back into occupation.
- 3.2 In recent years, as part of our Empty Property Strategy, 1370 properties have been brought back into use:

Date	Reoccupied	Demolished	Total	Target
2007-2008	240	8	248	200
2008 - 2009	329	77	406	369
2009 - 2010	291	49	340	375
2010 - 2011	376	0	376	355
Total			1370	1299

- 3.3. The Empty Property Action Plan replaces the previous Empty Property Strategy and aims to address the issues of empty properties on an area rather than a City level. It looks at the needs of each area and arrives at innovative solutions to tackle these needs, working in partnership with ward members, the community and key stakeholders.
- 3.4 The plan has been drawn up in consultation with partner agencies and has been the subject of wide consultation with Area Committees and on the Council's web page.

- 3.5 The Empty Property Action Plan also sets out local and City targets for returning empty properties back into use. The estimated total number of empty properties to be returned into use across the City in 2011/12 is 360 empty properties, focusing on 200 empty properties within wards where empty properties are higher than the city average (as at the end of April 2011). The Empty Property Action Plan is set out at Appendix 1

Local targets are as follows:

- i) return 90 empty properties in the North of Sunderland back into use, of which 38 will be in St Peter's and 14 in Southwick wards.
 - ii) return 110 empty properties in Sunderland East back into use of which 18 will be in the Millfield, 50 in Hendon and 12 in St Michael's wards.
 - iii) return 30 empty properties in Sunderland West back into use of which 13 will be in the Pallion ward.
 - iv) return 100 empty properties in the Coalfield area back into use of which 35 will be in the Copt Hill and 11 in Hetton wards.
 - v) return 30 empty properties in the Washington area back into use of which 9 will be in Washington North.
- 3.6 There are five empty property officers. One officer (fully funded by Back on the Map, New Deal for Communities) is part of the Neighbourhood Management Team whose work complements the selective licensing and neighbourhood management project in Hendon. The other officers cover the North, West, Washington, Coalfields and the East (excluding Hendon) of the City.

4.0 Current Position

4.1 Delivering and Monitoring the Empty Property Action Plan

There is an Empty Property Group comprising of officers from Housing, Planning, Council Tax, City Services and Gentoo. The team oversee the delivery of the Empty Property Action Plan and has contributed to it. It is recognised that empty property issues are a cross council issue and the solutions are the responsibility of a number of partners. This ensures that all relevant stakeholders are engaged in the process of returning empty properties back into use. It is proposed to expand this group by inviting representatives from the Homes and Communities Agency (HCA) to attend. The group will meet every three months to monitor the Empty Property Action Plan.

- 4.2 The Empty Property Action Plan has also been presented to each Area Committee for consultation during July and August. The aim of the action plan is to tackle empty properties according to area needs and has been received positively by each Area Committee. All responses have been considered and incorporated into the action plan where appropriate.
- 4.3 The Empty Property Team is working proactively with partners to ensure that the action plan is delivered and the targets are achieved. Proactive work is continuing across the City with officers visiting empty properties and carrying out an external inspection with any issues being resolved as soon as possible. Contact is made with the owners and advice and support is given from the officers. The property is then monitored until it is reoccupied. Requests for Service relating to empty properties are responded to within two working days, with officers monitoring the empty properties until they are reoccupied.
- 4.4 'Mini projects' tackling specific problem areas have also proved successful such as across the Eden Vale and Washington areas of the City, with the focus being on empty properties, anti-social behaviour and housing standards. For example, 26 properties have been successfully returned into occupation in the Eden Vale area by officer intervention.
- 4.5 The officers have established good links across internal departments and external agencies to ensure that partnership working is maintained. The Empty Property Team meet on a monthly basis to ensure that the action plan is being followed and that targets are being met.
- 4.6 By the end of August, 127 empty properties had been brought back into use across the City, as detailed below, with a total of 233 of the target of 360 still to be achieved by March 2012.

AREA	APRIL	MAY	JUNE	JULY	AUG	TOTAL
NORTH	6	6	2	3	1	18
EAST	15	14	6	12	5	52
WEST	5	5	2	3	4	19
WASHINGTON	3	1	2	0	1	7
COALFIELD	14	9	4	4	0	31
GRAND TOTAL	43	35	16	22	11	127

4.7 The empty property officers have been successful in returning empty properties back into use by working closely with owners and using enforcement action and legal notices, where necessary. The work of the empty property officers to date has been a blend of informal action, education and advice with the use (or threat) of legal notices. The local Empty Property Action Plan will seek more innovative approaches based on local need.

4.8 The Government has introduced a 'New Homes Bonus' which allocates funding to local authorities related to increasing the housing stock in their area either through new build or returning empty properties back into use. This year the Council has been allocated £577,000 based on 2010/11 figures. It is proposed to use this funding to support the Empty Property Plan, through the following schemes.

4.8.1. An equity loan fund of £250,000;

This funding will be used to offer loans to owners to refurbish empty properties. It is proposed that the average loan will be £5,000 and will be a 50% contribution towards improvement works. This will support approximately 50 additional properties to be improved and returned to use. The loan will be repaid as a percentage of the value of the property on the first disposal of the property.

4.8.2. A purchasing loan fund of £327,000;

The fund will be available to Registered Providers or similar organisations, such as Housing Co-operatives, who could bid for funding to purchase and improve problematic empty homes. For example, this could be a former right to buy property now owned by a private landlord. When the property is brought back into use the Council will have nomination rights, and after management and repair costs, will receive the proceeds of the rent until the value of the loan is recovered. This will allow up to a further 5 properties to be returned to use. It is proposed that if this fund is not fully utilized, then the balance be transferred to the equity loan fund.

4.9 In addition to the New Homes Bonus the Government has established a £100m scheme to support housing associations to return 3,000 empty properties back into use across the country.

4.9.1. To take advantage of the fund and as part of the Empty Property Action Plan, the Council has been working with Gentoo and Centrepont on schemes to identify, re-furbish and let empty properties. Their proposals have been submitted to the Homes and Communities Agency (HCA), which administers the scheme, the outcome of which is expected imminently.

4.9.2. The Council would have nomination rights from the homelessness register and the Centrepont project would act to move on young persons in their accommodation in the North area, at Dundas Street, which will be operational from January 2012.

- 4.9.3. The Gentoo scheme for example propose that young unemployed people work along side contractors to refurbish selected empty properties. The young people will have the opportunity to be re-housed with Gentoo and gain a recognised qualification. Once refurbished, Gentoo will lease the property from the owner for a five year period and act as managing agent for the owner. In the first year of the project, the owner will receive rent but in later years, it is proposed that the owner will receive part rent with the other part being recycled back into the project.

If the proposal is successful, the refurbishment of the properties will be added under the relevant areas in the action plan. Initially, it is proposed that the first year will be a pilot project and properties are likely to be in the Council's or Gentoo's renewal areas.

- 4.10 In order for the above projects to be delivered it is necessary to amend the Financial Assistance Policy relating to Empty Homes Assistance in the following way:

The eligibility criteria would be changed to "owners and prospective owners". Under "Other Information" the policy would expand on the eligibility by stating that, "the owner or prospective owners of the property would have to confirm that it is their intention for either themselves or their family members to occupy the premises, once the renovation work is completed. Where the property is to be let, the loan is only available to accredited landlords and that the property must be available for letting for a five year period and the council must receive nomination rights from the landlord. The words "assistance will not be considered for an existing owner under whose tenure the premises have fallen into disrepair" will be deleted. The policy will replace "only properties situated in specified areas will be eligible" to "preference will be given to properties in renewal areas or residents living in renewal areas who are being displaced due to the Council's Renewal Programme." The rest of the policy would remain the same. Section FAP 15 of the current Financial Assistance Policy is set out at Appendix 2.

5.0 Reasons for the Decision

- 5.1 Implementing the Empty Property Action Plan will provide the Council with the opportunity to look at innovative and proactive ways to reduce the wasted resource of empty properties across the five committee areas in the City. Amending the Council's Financial Assistance Policy, in relation to Empty Homes Assistance, will allow the use of the £577,000 New Homes Bonus "windfall payment" to deliver projects that will return further empty properties back and in doing so further perpetuate the New Homes Bonus funding.

6.0 Alternative Options

- 6.1 The Council could react to empty property requests from across the City without the aid of an action plan. However, this would not be an innovative approach and solutions would not be area based to meet the needs of particular communities and neighbourhoods. This course of action is therefore not recommended.

The Council could leave the Financial Assistance Policy relating to Empty Homes Assistance as it is but this would not allow the Executive Director of Health, Housing and Adult Services to utilise the £577,000 New Homes Bonus “windfall payment” and further empty properties would not be returned to use. In turn the New Homes Bonus payments, rewarded for returning empty properties back into use would not be perpetuated in future years. This course of action, therefore, is not recommended.

7.0 Relevant Considerations/Consultations

- 7.1 **Financial** – The Executive Director of Commercial and Corporate Services has been consulted on the financial implications. The actions in the empty property action plan will not involve additional costs other than the five officers whose salaries are covered by either Back on the Map or the Directorate’s revenue resources.

As stated above £577,000 is available from the New Homes Bonus “windfall payment” for the Empty Homes projects listed above.

Funding from the New Homes Bonus for these projects will only be available for a limited amount of time and this needs to be recognised. Once New Homes Bonus is no longer available, consideration must be given to how these projects will be funded in the future.

7.2 Risk Analysis

There is a risk that the empty property action plan will not meet its targets in returning empty properties back into use. This will be mitigated by holding monthly team meetings to ensure that the targets are being met. Officers can highlight any issues as they occur and issues can be resolved as soon as possible thereafter. Officers can assist across other areas, if required to ensure that the targets are met.

- 7.3 There is a risk that the Gentoo and Centrepont bids to the HCA are not successful. This risk has been mitigated by working closely with the owners of the empty properties that have been identified for the project. Should the bid be unsuccessful, officers have already discussed alternative options with the owners. However, it must be noted that there are financial implications for the owner, so the properties may remain empty for longer than originally anticipated

- 7.4 There is a risk that the proposed New Homes Bonus projects will not perpetuate the bonus for future years. This risk has been mitigated by proposing two separate projects, increasing the likelihood of delivery. Additionally, if the fund established for Registered Providers and Housing Co-operatives is not exhausted, this will be transferred to the loans project and vice versa. This additional flexibility will mitigate the risk of the funding not being spent. The projects will be monitored carefully, using the PRINCE II methodology. The Housing and Neighborhood Renewal Team also has a good “track record” in delivering successful projects. Additionally, empty properties which fall into the definition of the NHB will be focused on.
- 7.5 **Legal Implications** – The Head of Law and Governance has been consulted and her comments taken into account in the preparation of this report.
- 7.6 **Consulting the Public.** – Both internal and external partners have been consulted regarding the action plan and their comments have been incorporated into the document where appropriate. Social networking sites have also been exploited and any relevant comments have been considered and incorporated into the document.
- 7.7 **Equalities** – There is no direct negative impact with regard to equalities and the project will create more affordable housing for key workers and first time buyers.
- 7.8 **Project Management Methodology** – The Council’s project management methodology will be used. Officers have been trained in PRINCE 2.
- 7.9 **Sustainability** - the project meets aim 5 of the Sunderland Strategy.

8.0 List of Appendices

Appendix 1 - Empty Property Action Plan 2011 – 2012.

Appendix 2 - Section FAP15 of the Councils Financial Assistance Policy

