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**CITY WIDE EMPTY HOMES STRATEGY**

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**REPORT OF THE DIRECTOR OF HOUSING**

**1. SUMMARY**

- 1.1** This report describes the various initiatives available to bring vacant homes in the private sector back into use. It outlines the success to date of the initiatives in meeting the housing need of certain categories of homelessness in the city. The issues that arise from this method of meeting housing need are also reviewed.
- 1.2** The report also highlights the need to integrate the use of these initiatives into a strategic city wide approach to bring empty properties in the private sector back into use; complementing and expanding upon the city's success in addressing private sector vacancies in renewal areas and controlling void rates in its own stock.

**2. RECOMMENDATIONS**

It is recommended that:

- 2.1** Committee approves the development of an Empty Homes Strategy as outlined in this report with particular reference to the use of the council tax database as outlined in paragraph 7.4.
- 2.2** Committee is updated on the development of the strategy in 6 months time as recommend in paragraph 9.7 of this report.

**3. FINANCIAL IMPLICATIONS**

- 3.1** The costs of setting up and administering the Private Sector Leasing scheme are offset against bed and breakfast costs.
- 3.2** There is no cost to the City for housing association Shortlife initiatives. Indeed, the more properties that can be identified the more funding that can be brought into the City via the Housing Corporation Approved Development Programme.

**4. UNITARY STATUS IMPLICATIONS**

Unitary status could be helpful in aiding access to any vacant County Council properties and bringing them back into use under the Empty Homes Strategy

through leasing arrangements.

## 5. **ENVIRONMENTAL IMPLICATIONS**

In addition to meeting housing needs an Empty Homes Strategy supports the City Council's planning and urban regeneration policies. On a local level the reoccupation of vacant properties will often end a source of neighbour nuisance i.e. in terms of dumping and other inappropriate uses. It provides homes in existing communities with established infrastructure and services and in doing so fulfils both local and national government concerns to make better use of existing vacant stock and thus reduce the requirement for development on green field sites.

## 6. **BACKGROUND**

### 6.1 **Vacant Homes.**

Table 1: *Vacancy trends across all tenures nationally:*

<b>Year</b>	<b>Council</b>	<b>Private</b>	<b>Housing Association</b>
1983	114000 (2.4%)	539,000 (4.2%)	17,000(3.8%)
1993	70,000 (1.9%)	764,000 (5.0%)	17,500 (2.4%)

Source: DoE HIP Returns.

Table 2: *Current Vacancy Levels across all tenures in Leicester*

<b>Year</b>	<b>Council</b>	<b>Private</b>	<b>Housing Association</b>
1995	396 (1.36%)	6,700 (8.6%)	287 (3.9%)

Source: DoE HIP Returns.

The comparison above shows that nationally across all tenures there are fewer council homes empty than in the private sector or any other sector. In council and housing association stock the vacancy trend is down; in the private sector the trend is up.

It should also be noted that in 1993, 15,800 government owned homes were empty representing about 15% of their stock. This is proportionately greater than vacancy rates in any other sector.

The local vacancy rate figures mirror national figures with council vacancies the lowest across all tenures and vacancies in the private sector significantly higher than the other sectors. The private sector vacancy rate in Leicester appears to be higher than the national figure. This may reflect the age profile of the stock in Leicester.

### 6.2 **Addressing Private Sector Vacancy through the established Renewal Strategy**

6.2.1 The City Council has addressed the issues of vacancy in the private sector for many years. It has successfully achieved funding for existing satisfactory/off the shelf properties in the city, and for schemes of social housing over commercial premises.

- 6.2.2** Over the past 15 years the city's Renewal Strategy has aimed to bring vacant properties in declared areas back into use. Owners have been encouraged to bring their properties back into use through a number of initiatives including: the provision of renovation grants, Compulsory Purchase Orders with either sale on to a housing association or retention in the Council's stock, and Homesteading.

The City Council together with the Housing Corporation has successfully maintained rehabilitation work in the city at 40% of the Approved Development Programme in Leicester despite national trends to the contrary. However this work targets only declared areas of the city, and the need remains to develop a citywide approach to private sector vacancies and to capitalise on the availability of funds for leasing schemes to address increasing housing need in the city.

### **6.3 Need**

- 6.3.1** The problem of homelessness is addressed in another report to this Committee. The inability to adequately meet housing need can be seen as a direct result of the reduction in the supply of social housing. Significant cuts in housing investment nationally, right to buy and the control of capital receipts have all contributed to a net loss in social housing units for rent in the City. The introduction of a voluntary purchase grant for housing association tenants as outlined in the government White Paper, 'Our Future Homes' suggests that future housing policy is likely to further reduce the number of social housing units in the city.

- 6.3.2** In Leicester the Approved Development Programme (ADP), funding from the Housing Corporation for housing association development for 1995/96 was cut by 51% on the previous year. It should also be noted that within the reduced total ADP there was a switch of resources away from new-build and rehab assured tenancy schemes for rent and conventional sale (shared ownership schemes) and towards both the provision of temporary housing in the form of Shortlife properties and initiatives which aim to increase the number of relets available in existing social housing stock. In these circumstances, therefore, a strategy, which is designed to optimise the number of Shortlife leasing properties, will give access to an increasing proportion of the ADP. An outline of the key groups housed by these lettings initiatives and of the issues raised by the use of the initiatives to meet housing need in the city is given in Appendix 1.

- 6.3.3** It is apparent, notwithstanding the issues raised in Appendix 1, that initiatives which access suitable lettings in the private sector and (in all but the case of the Deposit Guarantee Scheme) bring them under the control of social housing landlords, have an invaluable contribution to make in meeting a range of housing needs across the City.

### **6.4 The Initiatives**

The initiatives that will form part of the City Wide Empty Homes Strategy are: Private Sector Leasing, Deposit Guarantee Scheme and the various leasing initiatives funded through the Housing Corporation. Details of these initiatives are given in Appendix 2 and the promotional material attached to the report.

### **6.5 Promotion of Shortlife Initiatives to date**

The city council has promoted the various initiatives in a number of ways and

these are detailed in appendix 3. As appendix 3 illustrates the city has been effective to date in using these various initiatives to address vacancy in the private sector. However, it was felt a more strategic method of identifying and targeting vacant properties using the authority's own databases was required.

## **7. THE STRATEGY**

### **7.1 Data base research.**

Research was conducted to decide a suitable database to use for an Empty Homes Strategy. Three data sources were examined at this stage namely: Census Data (1991), Council Tax Information, and vacancy Surveys by Renewal and Urban Management Teams. The research considered the drawbacks of each source of data, whether each approach would produce an under or over calculation of vacancies and how easy or difficult each data source would be to use. It was decided that Council Tax records would be the most suitable source because:

- The records enable particular types of vacant property to be targeted, for example, those that have been empty for 6 months or more;
- Records are updated regularly;
- It gives citywide coverage of vacancies.
- It was established that use of Council Tax records for this purpose would not contravene the Data-Protection Act.

### **7.2 The Development of a Targeted Strategy through Council Tax.**

Consultation with the Housing Advice Centre has established the priority housing need areas in Leicester on which the targeted strategy should focus. A pilot Survey will target Aylestone, Saffron and Eyres Monsell areas of the City initially (Council Tax District 42). The strategy will target properties that have been vacant for 6 months or more on the basis that these are likely to be the properties where longer term leasing options will be more successful.

Accessing the Council Tax database allows for the relevant property owner's name and address to be printed on to a standard letter, which refers to the vacant property in question and the authority's Empty Homes Strategy. This letter will be sent out with a leaflet outlining the letting opportunities available. A translated version of the leaflet will also be enclosed (copies of leaflets attached). The package will give a contact officer in the Housing Department.

When a property owner contacts the department the designated officer will run through a questionnaire with the responding property owner. On the basis of the response the owner will be referred on to the appropriate housing association, the Accommodation Team (for potential Private Sector Leasing Property) or the Housing Advice Centre (Deposit Guarantee Scheme). The questionnaire will also establish basic facts about the respondent and their property. A follow up questionnaire will be sent to the referral agency to establish if properties are successfully let or, if appropriate, why they fail to be let. These will be returned to the Development Team for analysis, which can be presented to Committee in a later report.

- 7.3 By analysing the data from vacant properties it is hoped that the strategy can be shaped and targeted more effectively to reach an increased number of vacant properties. It is anticipated that the initial Pilot Survey will be followed up with a more far reaching mailshot that will cover further areas of the City.
- 7.4 Following the Pilot Survey, arrangements are being made for officers from the Housing Department to access the Council Tax database directly. Council Tax Billing Officers will still be required to authorise print runs of the standard letters. This will involve some degree of training for Officers and it is recommended that this is carried out as a matter of some urgency.

## **8. OBJECTIVES**

- 8.1 The key objectives are:
- 8.1.1 To achieve the maximum number of lets of the required properties in the required areas to meet housing need as outlined above.
- 8.1.2 To bring vacant private sector houses in the city back into use and thereby reduce vacancy levels.
- 8.2 A further objective could be the assessment of why properties remain vacant despite their targeting for the various initiatives

## **9. ASSESSMENT OF THE EMPTY HOMES STRATEGY'S FULFILMENT OF OBJECTIVES.**

- 9.1 It will be possible in future reports to assess the effectiveness of an Empty Homes Strategy targeted on council tax vacancies in meeting objectives 1 and 2. However, some interesting preliminary assessments of effectiveness of the various initiatives and of the strategies for identifying vacant properties has already been made.
- 9.2 Clearly the Private Sector Leasing Scheme and the Deposit Guarantee Scheme have an intrinsic worth in terms of drastically reducing the need to use bed and breakfast accommodation and offering assistance to those whose housing needs the department would not otherwise be able to meet. It is worth noting however in the context of the Empty Homes Strategy that of the 34 lets achieved to date through the Deposit Guarantee scheme 18 of the properties were previously vacant.
- 9.3 The Link article generated 125 telephone enquiries, which produced 131 properties for referral. Whilst this is a good response it is too early to say how many of the referred properties will produce lets. The housing associations have found through their own promotional exercises that an initial response of this level will produce a handful of lets. Interestingly (given that the article was not targeted at particular areas of the city) the majority of properties referred were in areas identified by the Housing Advice Centre as high demand in terms of meeting housing need in the city. Some more research is needed to establish why this advantageous but unexpected outcome should have been achieved. Less favourably only 47 of the properties were actually vacant at the time of referral.
- 9.4 The HAMA/HAMA Plus lettings achieved to date, in general, reflect the required

property types and locations identified by the department. This has been achieved by a process of selection at the initial enquiry stage.

- 9.5** The Empty Homes Strategy will target empties in high demand areas of the city. The next report will assess the effectiveness of the strategy.
- 9.6** The third objective, establishing why properties remain vacant despite targeting for the various initiatives, will be assessed partly on the basis of establishing why properties referred for leasing fail to produce a letting. Further research would be required to establish why some owners of vacant properties do not respond to the initiatives at all. A reminder could be sent to owners who do not respond to the initial Empty Homes Strategy letter with a questionnaire to be completed by those who do not intend to participate in the initiatives. This is being considered with the recognition that the response rate to such a questionnaire is likely to be low.
- 9.7** It is recommended that a report is brought to committee in six months time updating on the progress of the strategy and assessing how far the objectives have been met. It should be noted, however, that negotiations with owners for leasing schemes can be protracted and it may take a year or more from identification of a suitable property through to letting and a further update is, therefore likely to be needed at 12 months.

## **10. EQUAL OPPORTUNITY IMPLICATIONS**

The initiatives outlined in this report offer assistance to those who might otherwise have difficulty in accessing housing appropriate to their needs.

## **11. CONSULTATION**

As outlined in the report there have been extensive corporate discussions on the implementation of the strategy. Charnwood Forest Housing Association and East Midlands Housing Association have been consulted on the development of the strategy.

## **12. ACCESS TO INFORMATION.**

- 12.1 Approved Development Programme: Allocations to Housing Associations 1995/96.** Housing Committee, 31<sup>st</sup> January 1995.

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## **Appendix 1: Lettings Initiatives and Rehousing Issues.**

The key initiatives considered in this report access assured shorthold lettings in the private sector. Whilst the housing association leasing schemes offer more permanency than the Deposit Guarantee Scheme, with a renewal of the tenancy throughout the terms of the lease (assuming there are no contraventions of the tenancy agreement), in all cases it is clear a permanent housing solution has not been found. In these circumstances the department does not consider the rehousing of those approved as unintentionally homeless and in priority need in such lettings as a discharge of its duty under part III of the 1985 Act. It should be noted, however, that recent case law does now recognise rehousing of this nature as a discharge of statutory duty under the act. Despite this the lettings schemes have an important role in housing other categories of homelessness and those approved cases who choose to take up private sector lets, as outlined in the next paragraph.

The key groups housed by the lettings initiatives are:

- People found intentionally homeless and/or non-priority cases
- People who are approved homeless but choose not to go through the homelessness `route` to rehousing and are happy to accept a private tenancy
- Asylum seekers who are disadvantaged under homelessness legislation
- People who are seeking or in need of property in an area of the city with very limited council housing and where there is a low turnover of stock (for example Belgrave, Rushey Mead and larger stock in Highfields) and who choose to take-up one of these lets rather than wait for a vacancy in their preferred area. The particular benefit of the housing association leasing schemes here is the ability to target the identification of vacant properties in these areas of priority need.

The advantages in using the private sector lettings schemes other than the addressing of housing need outlined above are:

- It fulfils the authority's statutory duty to give advice and assistance to non-statutory homeless cases.
- The housing association leasing schemes assure good quality accommodation and quality housing management. The fact of a housing association landlord also enables housing benefit to be met in full. It should be noted however that this may not be the case after the changes to housing benefit come into force in January.
- The Deposit Guarantee Scheme whilst not bringing the accommodation under social housing landlord control does encourage good management

The major concern in the use of these initiatives is that of what happens at the end of the lease. There is clearly a possible issue of `revolving door homelessness' with the authority's statutory duty recurring at the end of lets. Recurring homelessness and rehousing does not give the stability required for a quality family life.

## **Appendix 2: The Initiatives.**

### **Private Sector Leasing (PSL)**

This council run scheme began in 1992 and its principal aim was to reduce use of bed and breakfast (B & B) accommodation for homeless families, providing them with a more comfortable and stable environment whilst their homeless application is being assessed. It is also less expensive than B & B.

The council enters into a leasing agreement with the owner of a property for a minimum 12 months giving rent guarantees. The property must be in good condition and instantly lettable. The accommodation team manage approximately 50 units at any one time, taking 2 and 3 bed houses in areas of high demand within the city. Rents are just below market levels but are guaranteed for the length of the lease.

### **Deposit Guarantee Scheme.**

The Deposit Guarantee Scheme was launched by the City Councils Housing Advice Centre in May 1995. It is Council run and funded and has been set up to enable people on low incomes to gain access to accommodation in the private rented sector. The City Council underwrites a guarantee, in place of a cash deposit. It will cover rent arrears and damage if a tenant leaves owing rent or having caused damage during the first 6 months of the tenancy. This option gives an owner greater control over their property, it allows them to continue to be responsible for day to day management and who they house (although they are required to house people on low incomes or in receipt of benefits, i.e. people who could not raise a deposit themselves). This option enables the Empty Homes Strategy to target empty properties whose owners may be reluctant to lease and lose control of their property for a number of years but are happy to rent their property. Through this scheme the City Council offers not only a rent guarantee to owners, but regular rent direct to the landlord, a ready supply of tenants, faster payment of housing benefit and advice on tenancy matters. The scheme basically houses people in housing need and encourages good housing management practices. All properties are inspected by Environmental Health Officers and must be approved before they are let.

The scheme has been very successful to date, exceeding the targets set in the original committee report with 34 households rehoused in just under 6 months.

### **Leasing Initiatives funded through the Housing Corporation**

In general these schemes involve a housing association entering into a leasing agreement of at least one year with the owner of a vacant property. The association guarantees rents (at just below market levels) and manages the properties on the owners' behalf. More details of the specific schemes are given below:

#### **HAMA (Housing Associations As Managing Agents)**

This scheme was introduced by the Housing Corporation with the specific aim of bringing empty properties back into use, using minimum levels of public subsidy. Charnwood Forest Housing Association operate this scheme in Leicester and have so far secured 28 properties for the city. The Association are looking to acquire 50 HAMA units in 95/96 in Leicester. However, if more can be identified then they will be taken on bringing extra funding to the City from other regions.

#### **HAMA Plus**



This leasing scheme is again run by Charnwood Forest Housing Association and was introduced in 94/95, but unlike HAMA there is money available for improvement works to the property to bring it up to habitable levels. The amount of money available for works depends on the length of the lease and could be as high as £9,000. The property has to have been empty for at least 6 months to qualify and the council has prioritised the provision of 2 bed + houses in areas of high demand.

Charnwood already manage 7 units under this scheme and are actively looking for more units this year. Like HAMA if more units can be identified than the 10 targeted for Leicester this year, then it is likely that the Housing Corporation will provide the additional funding.

### **Shortlife**

This leasing scheme is run by East Midlands Housing Association and like HAMA Plus there is money available to carry out improvements to the property. The scheme is very similar to HAMA Plus except that properties do not have to be empty for 6 months and local authority stock can be leased.

EMHA have a Shortlife allocation of 15 properties for 95/96 and are progressing with identifying suitable properties.

## **Appendix 3: Promotion of Shortlife Initiatives.**

### **Housing Advice Centre (HAC)**

The HAC stocks leaflets in reception about the Deposit Guarantee Scheme, HAMA and Shortlife and HAC staff receive a large number of enquiries from landlords/owners wishing to rent their properties out. HAC currently advise them about the various schemes on offer to suit the individual landlord's requirements and property type/condition. The Deposit Guarantee Scheme was set up by and is administered by HAC. They have liaised with Charnwood Forest Housing Association on the establishment and operation of the HAMA scheme. They will refer landlords on to either the housing association leasing schemes or PSL.

### **Vacant Property Lists**

Renewal Teams and Urban Management Teams carry out 3 & 6 monthly vacant property surveys of their areas, which cover about 12% of the city's stock. Lists of vacant properties with details of owners, grant work etc are sent to the two housing associations administering the HAMA, HAMA Plus and Shortlife initiatives. The associations then leaflet the owner about their scheme. An option to offer vacant properties subject to Compulsory Purchase Procedures for leasing has also been incorporated into the options available to owners in these circumstances.

### **Leasing Bulletin**

In August 1995 the Housing Development Team produced a bulletin outlining the various leasing initiatives available to landlords in Leicester (copy attached). This bulletin has been an opportunity:

- (i)** To consolidate information on the various initiatives for the use of staff who are already promoting/operating the initiatives. It has been circulated to the Accommodation Team, HAC, Renewal Teams, and Customer services.
- (ii)** To advertise the initiatives more widely and to use as a focus of discussion within the corporate body. Copies have been distributed to the Private Sector Housing Division of the Environment and Development Department and will form a basis of discussion at the Planning and Housing Forum. The Resources Department have been sent copies of the bulletin to ascertain if there are appropriate properties in their ownership/management, as have Leisure Services who have a small stock of dwellings.
- (iii)** Externally the Bulletin, with appropriate accompanying letter is being sent to various bodies including various advice agencies, the county council (who carry a stock of, for example, police, fire, and teachers' houses), Hospital Trusts, Utilities, British Rail, British Water Board and other 'public sector' bodies with potential accommodation. It should be noted there is no Ministry of Defence stock in Leicester.

### **Approaching Banks and Building Societies**

A letter is to be sent to Bank and Building Society representatives to bring the initiatives to their attention with a view to discussing the appropriateness of the initiatives for the portfolios of vacant repossessed properties carried by these organisations.

## **Link/local press Articles**

The Deposit Guarantee Scheme has been publicised by articles and advertisements in Link, Leicester Mercury, City Housing News and the local free press.

PSL has made regular use of the local press and the Leicester Link to appeal for properties in certain popular areas of the city. In August 1995 a joint article was run in the link looking for properties both for PSL and for housing associations to lease. Close liaison work has resulted in PSL referring on to HAMA a number of properties not suited to their needs.

Both housing associations have actively promoted their schemes, both through press articles and leaflets. Charnwood Forest have been particularly successful in acquiring HAMA/HAMA Plus properties in part due to successful advertising/leafleting and the creation of a separate HAMA team. EMHA have been less successful to date in identifying properties that meet their funding criteria. The recent appointment at EMHA of a designated Shortlife officer seconded from the Housing Corporation is addressing this problem and the organisation is now effectively publicising its initiatives with press articles and leaflets.