

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

HOUSING AND COMMUNITIES SELECT COMMITTEE – 24 MAY 2021

REPORT OF THE HEAD OF ENVIRONMENTAL HEALTH AND CREST AND THE DIRECTOR OF HOUSING MANAGEMENT

EMPTY HOMES STRATEGY AND COUNCIL VOIDS

This report has been provided at the request of the Housing and Communities Select Committee.

The Council's Housing Management Service manage over 9,000 properties. This report sets out how voids are managed by Housing Management and sets out a trial-based approach to bringing private rented sector empty properties back into use. The results of this trial will form the basis of the Council's Empty Homes Strategy.

1. Executive Summary

- 1.1. As part of the Council's Housing Strategy Action Plan, passed at the Leadership Team in December 2019, the Council committed to developing an Empty Homes Strategy.
- 1.2. The Council has a few tools that it can use to bring empty properties back into use, which can be found in Part 5 of the report. The Council ran a campaign in 2018 to encourage the Government to strengthen these tools to make it easier for local authorities to bring empty homes back into use.
- 1.3. Covid has had an impact on the work programmes of the teams most influential in developing the strategy, most notably our private rented sector housing team in environmental health who have seen an increase in caseload over the past 12 months. An easing over the next few months is likely to see the empty homes workstream revisited.
- 1.4. This report therefore outlines the general approach that will be taken in advance of the development of the strategy.
- 1.5. Housing Management are responsible for ensuring that works are carried out to all properties, which become vacant (voids), and the Council is aiming to relet these properties in 28 days. The Council are acutely aware of the need to assist in reducing the 2,000 plus households in temporary accommodation and minimise rent loss, thus aiming to carry out works efficiently and effectively.

2. Recommendations

- 2.1. Given the importance of managing empty Council properties to rehouse residents of the borough living in temporary accommodation, on the waiting list and currently living in Council properties who wish to move, Scrutiny is asked to comment on the report and offer suggestions for improvement.

3. Information about the report

- 3.1. Ensuring properties are let expediently is a priority for the Council and the Select Committee.
- 3.2. The Empty Homes Strategy will be a key decision passed at Leadership Team. Housing management's approach to voids forms a part of its Asset Management Strategy.

PART 1 - EMPTY HOMES STRATEGY

4. Local context

- 4.1. Kensington and Chelsea faces unique housing supply challenges. Most of the borough falls within a conservation area, and it is one of the most densely populated boroughs in London. This means that we cannot build our way out of the housing crisis, and must instead explore new, innovative ways of using resources that already exist.
- 4.2. According to MHCLG figures there are 1,916 empty properties in the borough. Of that 1,916, 1,179 are long-term empty (empty for over six months). The Council has one of the highest ratios of empty homes: total number of homes in London.
- 4.3. According to Council data there are approximately 650 that have been empty for over two years which would therefore be likely targets of an empty homes strategy.

5. Tools that the Council can use¹

- 5.1. Council tax premium: The local authority can increase Council tax by 200% for properties that have been empty from 5 – 10 years, and by 300% for properties that have been empty for over 10 years. There are 57 properties in Kensington and Chelsea that have been empty for over 10 years.
- 5.2. Enforced sale procedure: Local authorities can force a sale on the open market where it can prove that an owner has not expressed an interest in bringing a property back into use.
- 5.3. Empty Dwellings Management Orders (EDMOs): Where a property has been empty for two years, the local authority can apply to a First-Tier Tribunal to manage the property for an interim 12 months without the freeholder's consent. Where consent to letting the dwelling cannot be obtained from the

¹ [Detail can be found in the house of commons briefing paper on empty homes](#)

proprietor, the interim order may be revoked and replaced with a final EDMO lasting 7 years.

- 5.4. Compulsory Purchase Order: Where a local authority purchases a property for market value, so long as it can prove that the acquisition is in the public interest.

6. Trialling the use of these tools

- 6.1. The Council already applies the higher rate of Council tax to properties that have been left empty and the owner has refused to engage with the Council.
- 6.2. Using existing tools highlighted in part 4.3-4.6, the Council will assess the viability to use them on the existing 57 properties that have been left empty for over 10 years and where the owner continues to refuse to engage with the service.
- 6.3. A decision as to whether to use the empty property tools (4.3-4.6) will be done on a cost basis. Where the cost of bringing a property back into use outweighs the potential revenue gained, enforce sale would be considered preferential, if there was a recoverable debt on the property.
- 6.4. Options for management of the property on an interim (12 month) basis will be drawn up, with a preference for those which support the Council's housing ambitions. Some of the options that will be considered will include:
 - Keyworker homes, either through a third party such as a registered provider or a Council-owned company.
 - Temporary accommodation directly managed by the local authority, particularly where an empty property could offer a scarcely available resource e.g. ground floor accessible.
 - A commercial lease managed by our social investment team.
 - Let on the open market by a third-party provider, such as a social guardian or a high-street agent.

7. Council approach

- 7.1. The Private Sector Housing team has now a lead officer for Empty Properties. The Council will look to engage with the owners, using our Empty Properties Strategy of Engage, Educate, Enforce.
- 7.2. Engage - Searches on ownership will be carried out. Checks carried out to ensure the property is secured, there is no statutory nuisance and it's not a dangerous structure. The Council has powers under s.29 of the Local Govt. (Misc. Prov.) Act 1982 to secure, Env. Protection Act 1990 for nuisance and Building Act 1984, sections 77&78 for dangerous structures. We will also check with local land charges and Council tax debts. The owners will be contacted and written to in a soft approach. We will explain the incentives of bringing their property into use and why empty properties are a problem for the community.

- 7.3. Educate - If no progress is made, we will aim to engage in further open dialogue with the owner. We will try to find out reasons why the property remains empty and provide assistance, where possible, to help them overcome the barriers to bring the property back in to use. If nothing changes we will explain the enforcement powers we have in advance of starting the process.
- 7.4. Enforce – If there is still no progress we will assess the situation and use the most appropriate powers available.
- 7.5. Environmental Health and Council Tax also issue VAT letters to those seeking to refurbish empty properties after an eligibility check. The VAT letters help owners and developers to claim a VAT reduction on the cost of works from the HMRC.
- 7.6. The challenges that we are facing is the lack of incentives such as Empty Property Grants offered by Central Government.
- 7.7. Since the Council's campaign in 2018 to make EDMO legislation easier to use, the Council has been a key contributor to other organisations' campaigns including Action on Empty Homes and the Nationwide Building Society to try and influence change at a national level.

PART 2 – VOIDS IN COUNCIL HOUSING STOCK

8. Current approach

- 8.1. The management of empty properties (voids) is critical; works are carried out before properties are let to a 'Lettable Standard'. Housing Management recognise the importance in improving the quality of properties let to tenants, reducing re-let times and delivering a high level of customer satisfaction for new tenants through the delivery of a seamless process.
- 8.2. There is a void management process in place which allows properties to be empty for the shortest period and the process is always target and quality driven. Each void is monitored on a weekly basis until it is let, and records are maintained against each stage. This assists with the analysis of delays if a void misses its target for re-let.
- 8.3. The key stages to the void management process are:

- Void Notification (includes pre-notification)
- Void Works
- Pre-Allocation
- Identification of the Applicant
- Viewing
- Sign Up
- Property Let

8.4. There are a number of teams involved in the Void Management Process:

- (a) Lettings Team: coordinate the void management process, chair weekly void meetings, arrange property viewings, maintain void records, and monitor void performance.
- (b) Repairs team who inspect and ensure works are completed.
- (c) Housing Needs (allocations) advertise properties on the Council's choice based letting scheme, shortlist applicants for properties (including direct offers), carry out eligibility and verification checks on applicants.
- (d) Neighbourhood Management Teams deal with the tenancy end, viewings, and sign ups.
- (e) Performance Team analyse and provide detailed reports on void performance.

8.5. The Lettings Team, which sits within Neighbourhoods coordinates actions between all the teams involved in the void process. All empty properties are pre-allocated. This gives soon to be tenants time to prepare for the move and reduces the instances of empty properties laying empty when no further works are required, should they not be accepted whilst works are ongoing.

9. Performance

- 9.1. The performance team provide the information against key performance areas monthly against set targets. CRM (our ICT management system) has been designed with void paths which must be completed in full. A Business Objects Report reads all these stages and acts as a void tracker.
- 9.2. The table below provides details of performance and costs associated with carrying out void works over the last two years set against a relet target of 28 days.
- 9.3. Performance in 2020/21 was impacted upon by Covid as no properties were let between March 2020 and May 2020.
- 9.4. All teams are responsible for monitoring the performance of their own teams. Performance is managed at monthly Service Improvement Meetings.

TOTAL LETTINGS 2019-2020	395	TOTAL LETTINGS 2020-2021	304
Minor Voids average re-let time	118.47		76.35
Major Voids average relet time	158.68		102.35
Average Relet	136.78		82.46
Void rent loss as a % rent roll (excl temporary accommodation, disposals & LWE refurbishment voids)	2.44%		1.92%

9.5. Whilst the figures above show improvements in the relet times of empty properties, in each of the above years, our relet target is 28 days and this year we are striving to meet this.

10. Empty properties over 6 months

10.1. Whilst works to most empty properties can progress, there are 15 properties which have been empty for more than six months for a variety of reasons, in the main related to:

- Option appraisals requirements
- High cost voids
- Fire or insurance matters
- Structural requirements

10.2. Option appraisals ensure assets are appraised on a consistent basis; the in-house Financial Appraisal Model has been developed for void assessments. NPV is the primary trigger for void review, though it must be noted that social and community impact assessments are central decisions on the outcome of the assessment to either, refurbish, maintain, or remodel.

10.3. High Cost Voids are empty properties which require works of £10,000 plus are authorised by the Assistant Director of Housing, following which the Repairs Team request three quotes and proceed to manage works carried out by contractors to their conclusion.

10.4. The table below provides a snapshot of the current position on all empty properties

Current Property Status	Number	Comments
Works on site	4	Option Appraisal Completed
High Cost Voids	3	Includes Damp proof works, vandalised property, structural work
Works Out to Tender	3	
Subsidence issues	1	Long term void due to subsidence. Preliminary reports received from the consultant. Awaiting costs for the recommended
Option Appraisal being carried out	2	Following asset management strategy approval 10/3/21
Fire Damaged	1	Works required have been agreed with Insurance Assessor
Property is in a poor state of repair, it is adjacent to a HRA strip of land and forms one of the sites under consideration for Phase 3 of the new homes programme, which could lead to a total of six new homes being built	1	

11. Background Papers used in the preparation of this report:

None

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