

Appendix C - Evaluation of options for Management of Empty Dwellings under Housing Act 2004 – Empty Dwelling Management Orders (EDMO's)

Following a meeting with Central Bedfordshire Council Procurement Team on 20th April, the following is a summary of the options open to the council regarding management of empty dwellings under the above legislation.

In terms of cost comparison, it should be noted that the intention of an EDMO is that the Council/manager recoups all initial costs paid out to make a property habitable through collection of rents during the maximum 7 year EDMO period. So cost comparison of the options in total lifetime costs to the council is a little irrelevant. However, there are other cost considerations, which are included in the comparison summary below.

The 3 options for management are:

In House Management of EDMO's Specialist management by Pathmeads (part of Genesis Housing Association) Management by local commercial letting agents

Comments in italics are disadvantages to the council

Criteria	In-House Management	Pathmeads	Local commercial lettings agent
Experience of property management	Housing services has the necessary experience to be able to manage rental property. The management of the property would be locally run and more accountable for tenants placed in the properties. <i>In house management would have to cover the north of the district where previously</i>	Pathmeads is an experienced housing association with 26 years experience of managing short term leases and temporary accommodation. Pathmeads would be able to determine the levels of rent and ensure they are at a market level.	A letting agent would be experienced in the provision of Assured Shorthold tenancy agreements, and collection of rent. <i>It may be difficult to find a letting agent who is prepared to provide an EDMO service to the large geographical area of Central Bedfordshire. Most letting agents cover smaller geographical areas.</i>

	<p><i>landlord services did not operate</i></p> <p><i>Not great experience in assured short hold tenancies (different to council house tenancies)</i></p>		
Provision of capital	<p><i>The council would have to fund the initial capital costs to make the property habitable. Although this could be recouped, it would require initial capital funding from council budgets.</i></p>	<p>A maximum of £20,000 capital will be supplied by Pathmeads to fund any renovation work required to properties. The council does have the option to top up this funding if renovation work would exceed this amount.</p>	<p><i>The council would need to fund the capital for the renovation work.</i></p>
Revenue costs to the council	<p><i>There is a cost implication in terms of staff resources from both Housing Management and PSH officers.</i></p> <p><i>Risk that if the EDMO is not successful over the lifetime of EDMO the council will incur the financial loss</i></p> <p><i>Council would be liable for any damage caused by tenants placed in the property and it would be the council's responsibility to claim for those damages from tenants.</i></p> <p><i>Council would be responsible for finding and placing tenants</i></p>	<p>There would be little impact on staffing resources to administer and operate the EDMO.</p> <p>The council can decide on the level of service they wish to sign up to with Pathmeads. Pathmeads will give the option for Interim EDMO management as well as final management.</p> <p>Pathmeads will not charge the Council for the management service, and it will not cost the council to sign up to the services and not use them. All of Pathmeads management costs would be taken from the EDMO's</p>	<p><i>The Council would still have to project manage any renovation work of the property.</i></p> <p><i>The Council may still have to arrange for any repair and maintenance work required to the property to be completed dependent on the level of service agreed with the agent.</i></p>

	<p><i>in the property and managing the assured short hold tenancies. Any lengthy void period would impact on whether the council would be able to recoup all the capital spent out on a property within the 7 year EDMO period</i></p> <p><i>Costs could be incurred by the council if an interim management order property was not successfully let.</i></p> <p><i>The Council would be required to do provide annual financial statements to the owner concerning the management of the dwelling.</i></p>	<p>rental income.</p> <p><i>The Council could incur the cost of paying rent on void properties if the council fails to nominate a tenant to a property within the agreed timescale from Pathmeads.</i></p> <p><i>The Council could incur fees from Pathmeads if it used the interim management service, these fees may not be recoverable from the EDMO if it was <u>not</u> let out within the 12 month period.</i></p> <p><i>Pathmeads will charge for management of the EDMO and an administration charge for the management of capital works, repairs, decoration, or maintenance to the property in addition any management charge.</i></p> <p><i>This would be re-coverable from rental income over the lifetime of the EDMO</i></p>	
<p>Partnerships/synergy with other parties/providers</p>	<p>support could be offered by Bromford Support subject to the demand on the service implementation of the EDMO</p>	<p>Pathmeads will provide the service of finding tenants to the property if the council decides to not to nominate tenants to the property, but will provide nomination rights to the council as partner.</p> <p>Pathmeads is working in partnership with other local</p>	<p>The agent would be able to market the property nationally and locally for tenants</p>

		<p>authorities in Herts, Beds and Bucks providing EDMO and private sector leasing services for the authorities</p> <p><i>Pathmeads would determine which properties it would be prepared to take onto an EDMO scheme</i></p>	
<p>Management and tenant services</p>	<p>Central Bedfordshire would have full control over the management and Housing services is able to offer tenancy support and assistance with benefit applications for housing benefit.</p> <p>A 24 hours out of hours repair service would be available for the tenant.</p>	<p>Pathmeads is able to offer tenancy support if required such as assistance to the tenants in accessing benefit and tenancy support such as debt management, anti social behaviour etc.</p> <p>Pathmeads will undertake quarterly visits to the properties</p> <p>Pathmeads would provide the annual financial statement to the owner on behalf of the Council.</p> <p><i>Pathmeads is presently located in Wembley, the service is not local to the area but is hoping to establish a local presence.</i></p>	<p>The letting agent will provide a tenant finding service and management service of the property.</p> <p>The agent would be able to do quarterly visits during the tenancy agreement and arrange the setting up of accounts with the utility companies for the tenants.</p> <p>A local agent would provide a local management presence, <u>if</u> a local one were appointed.</p> <p><i>The letting agent would not be able to offer tenancy support services such as assisting with benefit claims, management of antisocial behaviour, and debt counselling etc.</i></p> <p><i>The agent will not provide a 24 hours out of hours repair service.</i></p>

<p>Additional benefits/disadvantages to the council</p>		<p>The Council will also have access to the Pathmeads' management services for management orders on HMOS and access to their Private Sector leasing scheme. Pathmeads would be able to nationally market the property for letting if the Council decided not to nominate tenants to the property.</p>	<p>Dependent on the level of agreement with the agent, the agent may offer an insurance back scheme to cover in rental arrears etc <i>The Council would still need to provide the annual financial statement to the owner.</i> <i>The Council would still need to make provision to in house manage any management orders on HMOS.</i> <i>At present no research has been undertaken with local letting agents in the district to see if there would be any letting agents prepared to manage EDMOS, so this is really a theoretical option.</i></p>
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Head of Service conclusions

Weighing up the pro's and con's of the above options, the Pathmeads option would appear to be best for the Council for the following reasons:

- Pathmeads have the experience of managing short term and private leasing schemes; the council has no direct experience.
- Pathmeads are willing to provide initial capital funding of up to £20,000 to make the property habitable.
- Pathmeads option is most cost effective in terms of impacts upon council staff resources.
- Pathmeads will provide the annual financial statement to the owner on behalf of the Council.
- Pathmeads can offer tenancy support to help sustain the tenancy.