

Housing Scrutiny Commission

Empty Home Update

Assistant Mayor for Housing: Councillor Elly Cutkelvin

Date: 9th January 2023

Lead director: Chris Burgin

Useful information

- Ward(s) affected: Citywide
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- Report version number: V.4

1. Purpose of report

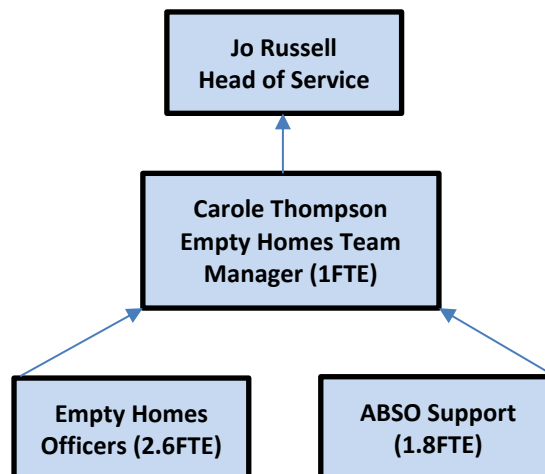
1.1 To update members of the Housing Scrutiny commission on the work that the Empty Homes Team are doing to bring long term private sector homes back into use.

2. Background

2.1 The purpose of the Empty Homes Team is to reduce the total number of private sector properties empty for over 18 months to prevent them becoming empty for the long term. This team brings empty properties back into use focussing on working with Landlords and owners to bring family size properties back to a decent standard so that people can have access to decent homes in which to live.

2.2 Where the team are unable to obtain commitment from owners to bring properties back into use they will negotiate terms for the purchase of properties by agreement or are when unable to locate owners, we will continue to use Compulsory Purchase Powers (CPO) to bring long term empty properties back into use.

2.3 Team Structure:



2.4 Working Smarter

Empty homes officers are all highly experienced with good skills and local knowledge which is shared within the team. We are flexible and negotiate with owners on a wide range of individual and varied property situations, no matter what each empty property presents. We are committed to continually working with each owner to ensure properties are returned into occupation.

2.5 The process of bringing a property back into use:

Informal stage:

- a. Contacting all owners at an early stage, giving first notification of the Empty Homes strategy and opening dialogue enquiring of their plans to bring the properties back into use.
- b. Providing advice & support and information about their options (further information is available on the empty homes' website at: <https://www.leicester.gov.uk/your-community/housing/privately-owned-empty-homes/>)
- c. Sending standard Letters to all properties that have been vacant for 18 months, 5 years and 10 years which become incrementally more formal making the consequences of inaction clear including the potential use of a CPO.
- d. The offer of practical assistance to use leasing schemes such as renting through private agents, HomeCome or LeicesterLet.
- e. The regular contact with Empty Homes Officers is a key part of managing owners be that by letter, phone or face to face so that we are actively supporting and encouraging them to bring their properties back into use.

Formal Stage:

- f. Requesting owners complete an on-line statement of intentions e-form and agreeing Undertakings with timescales to bring properties back into occupation. Once a plan of action with timescales is agreed, each case is regularly reviewed and if no reasonable progress is made it will be progress to the legal stage of the process for consideration of a Compulsory Purchase Order (CPO).

Legal stage

- g. Formal consideration of a Compulsory Purchase Order and a report is prepared for the Executive for approval.
- h. For those 10% of cases proceeding to CPO, usually involving complex cases, a lengthy legal process is inevitable and necessary as these cases will only be resolved with council intervention.

2.6 The success of the Empty Homes process

2.7 The Empty Homes process when broken down has a number of stages and our focus on early intervention and prevention results in approximately 90% of cases becoming occupied between the information and formal stages with only 10% reaching Legal action.

2.8 The majority of cases are brought back into use by sending letters, actively monitoring and evaluating progress, carrying out regular visits and liaising with owners. Our experience has shown that face to face contact with owners is essential and allows the team to work with the owners to get the property back into use.

- **Over 5 Year Empty Letter** - They are given 6 months to improve and bring back into occupation themselves otherwise a report will go to the Executive seeking approval to proceed with a CPO. This measure has proved successful in reducing our total active caseload for over 5-year empties currently down to 41. Many of these properties have works in progress, an owner in care or the property is at Probate
- **Over 10 Year Empty Letter** - Many of our properties empty over 10 years change owners' multiple times. Every time there is a new owner the process must start again at stage 1. This is because the CPO is against the owner not the property. Most owners are sent our "10-Year Empty Letter" (like the 5-year empty letter) giving them 6 months to improve and occupy these properties. This is an ongoing process. We have also had great success in reducing our total active caseload for over 10-year empties, currently at 11.

2.9 Number of properties brought back into use for financial year 21/22

The outcome of Council Intervention during this period is that 756 properties have been returned back in to use though clearly others have become vacant.

2.10 Workflow in the team/numbers of empty properties for financial year 21/22:

The total active caseload in the Empty Homes Team has increased slightly. It was 359 in 2021 and by March 2022 had increased by 9 to 368. We have seen an increase that has been linked to covid and the ability of owners to carry out works during this time.

2.11 Workflow in the team since inception in 2018:

Time empty	2018 baseline	2019 End of FY	2020 End of FY	2021 End of FY	2022 End of FY	Baseline Difference
18 months	292	319	330	359	368	+76 (26%)
5 years	52	50	47	39	41	-11 (-21%)
10 years	7	7	9	10	11	+4 (57%)

2.12 CPOs Approved by the Executive:

During the last year the Executive have approved 1 CPO. On 31st March 2022 a total of 125 cases have been approved for Compulsory Purchase Orders since the inception of the team. The following is a summary of the use of CPO since the inception of the Empty Homes Team:

Outcome of CPOs agreed by Executive as at 31.03.22	Pre-April 2021	Apr – June 2021	July – Sept 2021	Oct – Dec 2021	Jan – Mar 2022	Total
Total Number of CPOs agreed by the Executive.	121		1	2	1	125
Withdrawn before Public Inquiry ie Occupied	58				2	60
Withdrawn before Public Inquiry ie Restarted, Misinfo. NPH, 2 nd Hm	20			1	1	22
Public Inquiry held - Order Confirmed by DCLG/LCC	8					8
Public Inquiry held - Order Not Confirmed by DCLG/LCC	3					3
Written Representation -	6					6

Order Confirmed by DCLG/LCC						
Written Representation - Order Not Confirmed by DCLG/LCC	4					4
Non contested CPO's Confirmed by DCLG/LCC	13					13
Non contested CPO's Not confirmed by DCLG/LCC						
CPO's in Legal Services						5

2.13 CPO Forum:

Bi-monthly forums are held with Legal Services and Estates and Building Services to review and progress compulsory purchase cases and those undergoing negotiated purchase and sale at auction. The empty homes team also receives advice on CPO cases with complex or individual issues. The forum has proved to be invaluable for joined up thinking, deciding ways forward for complex cases and for sharing information.

2.14 CPO Compensation:

2.15 Following a confirmed CPO, if compensation is not settled by the time the Council sells the empty property at auction, the council will pay it into Court where it is held in case an owner comes forward to claim it. Owners have up to 12 years to claim their compensation. If an owner does not claim their rightful compensation, then after 12 years any monies owing to them will be forfeited and the council can recover the unclaimed compensation back from the Court.

2.16 Summary of compensation if claimed by the Council and is returned to general funds:

Property	Compensation claim date	Amount	Claimed
34 The Slade Greens	27.03.19	£68,608	In progress
45 Twycross Street	31.03.20	£130,446	CLAIMED FY 21/22
1 Merton Avenue	02.12.20	£154,029	CLAIMED FY 21/22
88 Cedar Road	11.04.23	£92,789	In progress

2.17 Negotiated Purchases:

2.18 There were no negotiated purchases completed during the financial year 21/22.

2.19 Valuations for negotiated purchases by the council tend to be lower than the purchase price paid. However, when properties sell at auction the council does not usually lose money.

2.19 Empty Homes Team Data:

2.20 The Council Tax database is the prime data source for newly vacant properties. Each month more houses become vacant whilst some are brought back into use. The team identify those unsuitable for residential use (non-priority housing), misreported (misinformation - MI) or second homes (2nd homes) to locate properties on which they are able to work to bring back into use.

2.21 Data Analysis

Data analysis of the above (2.20) carried out on a monthly and quarterly basis by the team to filter out cases that are not in fact empty (misinformation – MI), second homes (they are not covered by CPO legislation) and non-priority housing (NPH). This exercise ensures the quality of data held by the empty homes team is as accurate as possible with only genuinely empty properties being added to the active caseload.

2.22 Corporate working – Council Tax:

2.23 The Empty Homes Team work closely with the Council Tax teams on our shared goals including Empty Homes Officers sharing information on whether properties are found to be empty or occupied. This enables Council Tax to update their records.

2.24 From April 2019, homes empty for more than two years are charged double the council tax of occupied homes to encourage that they are brought back into use.

2.25 From April 2020, homes empty for more than five years will be charged three times the council tax of occupied homes.

2.26 From April 2021, homes empty for more than 10 years will be charged four times the council tax of occupied homes.

2.27 Council Tax Charging Orders Council Tax now have a system in place to recover council tax arrears by using Enforced Sale or a Bankruptcy Orders. Empty Homes liaise closely with Council Tax, so once an empty property reaches the stage where we are considering CPO, if there are council tax arrears, a management decision will be made on who is best to pursue the case.

2.28 Second Homes - summary

Stage 0 empties	3194
Active Caseload Empty Homes Team	310
Non-Priority (non-family accommodation)	622
Second Homes (furnished but not any persons main home)	1,741
Misinformation (we find they are occupied without the intervention of the Empty Homes Team)	473
Total empties from 0 days empty to over 10 years	6,340

2.29 You will note that the caseload for the team appears comparatively low compared to other figures, but that is because these figures only represent a snap shot rather the flow through the team. The teams work has brought 756 properties back into use in 21/22 as noted in 2.9 above.

2.30 Even with the above in mind, the team have an aspiration and enthusiasm to increase their intervention with non-family sized accommodation during 22/23 because the need for decent homes in the City is so significant.

2.31 The number of second homes in the City is notable, but they cannot be progressed by the Empty Homes Team because:

- a. If a property is defined as a second home under Council Tax legislation then it is not considered legally “empty” and so the team are unable to use their Legal powers.
 - b. Local Authorities have other powers around the amount of Council Tax charged and the normal powers that apply to the condition of “in use” housing such as dangerous structures, overgrown gardens etc but there are no powers to intervene with “use” as a 2nd home as mentioned before. The legislation around abandonment would not apply either unless there were clear or stated evidence of abandonment should owners walk away from any interest in their property.
 - c. Nationally and locally there is an ongoing concern that 2nd homes often mask genuinely empty properties.
 - d. Council tax regulations split unoccupied properties into:
 - i. “vacant” (unoccupied and unfurnished) and
 - ii. unoccupied and furnished (including 2nd homes)
- 2.32 If a property is classed as a second home on Council Tax and presents as boarded-up, inaccessible, overgrown gardens with numerous complaints, such properties can be the cause of much frustration to all concerned. They can bear all the hallmarks of an empty property but if classified as a second home by Council Tax the team are unable to proceed.
- 2.33 Legal position on Second Homes: 16th June 2015 The Secretary of State Confirmed a CPO on a 2-bed detached bungalow following a public inquiry. Empty Homes team were due to take possession of the property. However, based on our site visit reports that confirmed the property was partially furnished, although the house renovation was incomplete, Council Tax updated their records to show the property as a 2nd home. After various meetings and discussions. Council Tax’s decision was that their Guidance from the DCLG states that the property cannot be changed to vacant as it meets the criteria for a 2nd home and so the legal case was unable to be progressed further.
- 2.34 Property owners and Landlords generally prefer their empty properties to be classified as 2nd Homes as they do not attract the additional Council tax premiums noted in 2.24 – 2.26. If a property is classified as a 2nd home the maximum council tax charge that can be levied is 100% of the full charge in it’s band.
- 2.35 We are expecting a revision to council tax legislation about the 2nd home council tax charge in around April 2024 whereby a 2nd home can be charged up to double council tax. This is to encourage landlords and owners to bring them back into use like with empty homes. We are currently awaiting the announcement of the details around this amendment.
- 2.36 The Empty Homes Team are scheduled to review 2nd homes in partnership with the Council Tax and other key stakeholders in 22/23 as we want to better understand the make up of 2nd homes and the scale of potential “hidden” empty homes. We will work corporately using intelligence around rogue landlords and properties linked to Crime and ASB to identify patterns and themes. The aim is to identify a number of homes that with the right intervention could be brought back into use as a decent home for the people of Leicester.

- 2.37 As part of this we will look to introduce a Complex Property Management Model (CPMM) to develop a multi-agency approach to the management and bringing back into use of complex homes which are not lived in full time.
- 2.38 The Empty Homes team are key to supporting the declared Housing Crisis by bringing Empty Homes back in to use and focussing their efforts of family sized accommodations. The work of the team not only brings properties back into use, but where compensation under the CPO legislation is not claimed, these funds are returned to the General Fund to support Council services.

3. Details of Scrutiny

Report prepared for Housing Scrutiny Commission.

4. Financial, legal and other implications

4.1 Financial implications

By bringing properties back into use, the Council benefits financially through increased collection of Council Tax and additional income through the New Homes Bonus.

Ben Matthews – Chief Accountant (37 4840)

4.2 Legal implications

The Council is entitled to acquire land and property for the purpose of providing housing in accordance with Sections 9 and 17 of the Housing Act 1985 (as amended). This includes acquisition by or if considered appropriate by the use of compulsory purchase powers. As explained in this Report the Council will need to ensure that any acquisition or other action (including use of Compulsory Purchase powers) is in accordance with the Council's adopted Empty Homes Strategy and is compliance with both the legal basis and criteria for compulsory purchase (including published guidance), namely the Guidance of Compulsory Purchase issued by the Department for Communities, Local Government and Housing). In contemplating action to acquire by way of a CPO the Council must ensure that it is able to demonstrate a compelling case in the public interest to acquire the property in accordance with the guidance, and to also ensure that it has the necessary resources (including financial resources) to proceed with a compulsory purchase.

Julian Crowle, Principal Lawyer, ext. 37-1496

4.3 Climate change and carbon reduction implications

Homes are responsible for a third of Leicester's carbon emissions and tackling these emissions is a vital following the council's declaration of a climate emergency in 2019 and its ambition to reach carbon neutrality. Where refurbishment work is carried out to bring empty properties back into use, this may provide opportunities to improve their energy efficiency and reduce their carbon emissions. For example, this could include

fitting insulation, draught proofing, low energy lighting and new heating systems, including low carbon options such as heat pumps. By reducing the need for new housing to be built, the service also helps to reduce the carbon emissions from the building of new homes, including the 'embodied' emissions of construction materials.

Aidan Davis, Sustainability, Officer, Ext 37 2284

4.4 Equalities implications

In carrying out its duties the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not. In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

There are no direct equality implications arising from the report as it is to provide an update. However, it is important to remember that bringing empty homes back into use can help to meet demand for affordable housing in the city and potentially households on the housing register and provide housing for people in need of a home. Empty homes brought back into use can help to meet the diverse housing needs of all sections of our communities

The benefits of returning an empty home into use can impact on the wider community, homes that are lived in help to support safer communities.

The impacts of returning empty homes into use would be positive on people from across all protected characteristics.

Surinder Singh Equalities Officer 37 4148

5. Background information and other papers:

LCC Citywide Empty Homes strategy

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>

<https://www.gov.uk/government/collections/council-taxbase-statistics>

6. Summary of appendices:

7. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)? No

8. Is this a "key decision"? No

